FINANCIALTIMES

Thursday April 13 1989

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Warsaw Pact GPA to place proposes early talks

World News

The Warsaw Pact proposed early talks on reducing tactical nuclear missiles in Europe, causing further disarray among Nato nations which are considering updating such weapons. Page 2

on arms cuts

Recruit spotlight Noboru Takeshita, Japanese Prime Minister, shifted the Recruit scandal spotlight on to his predecessor Yasuhiro Nakasone. Page 6

Concorde tail loss A supersonic Concorde lost part of its tail on a flight from New Zealand but landed safely at Sydney airport. Page 10

Basque attack

Suspected separatist guerrillas killed a civil guard in a submachine-eun attack near the Basque city of Bilbao, Spain, in their first fatal assault this

Swapo appeal

Sam Nujoma, leader of Swapo began broadcasting appeals to his fighters to return to

Lebanese aid

Lebanon's Moslem leader welcomed French assurances of impartiality over distribution of emergency aid in Beirut despite earlier reports that they would reject it. Page 6

North wrote 'lies' A Washington prosecutor said Oliver North wrote "a pack

of lies" in answering congres-sional queries about US aid

Cool Bonn reception

Vernon Walters, former deputy director of the CIA, is expected to receive a cool reception in West Germany as US ambassa-

Austrian nurse held Vienna police arrested a fifth nurse in the inquiry into the murder of 49 elderly hospital

Uister bomb attack One person was killed and up

to 30 injured in a bomb attack on a Northern Ireland police station. Page 10

China-Japan talks Chinese Premier Li Peng, at

Japan, called for more Japanese investment in China.

Mid-east meeting President Hosni Mubarak of Egypt and Yassir Arafat, the

eader of the PLO, are travelling to Jordan to discuss peace proposals with King Hussein. Page 6 Mexican mass grave

A mass grave containing 12 bodies, apparently victims of a drug-smuggling cult that con-ducted human sacrifices, was found near the Mexican border town of Matamoros.

Khomelni cheque Iranian leader Ayatoliah Khomeini has written a cheque

for \$16m to help rehouse 25,000 le made homeless by

Tsar uncovered The body of Russia's last Tsar, believed to have been destroyed by acid, was found by a Soviet writer in 1979 but he dared not tell the world, a Moscow newspaper said.

New York lunchtime

DM3.1875. (same) FFr10.7600 (10.7625) SFr2.8175 (2.8150)

\$1.6905 (1.689)

\$1.6900 (same)

Y224.75 (224.25)

New York lunchtire DM1.8830 (1.88595)

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DM1.8865 (same)

FFr6.3675 (same) SFr1.6665 (1.6650)

New York latest

DOLLAR

COLD

MARKETS

Straits Times Index

1160 1120 1080

INTEREST RATES

3-mth Treasury Bills:

close 13 4 % (same)

Jan 1989 Apr

Federal Funds 93 London

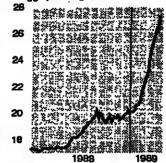
yield: 8.96% (same) SFr1.6665 (1.665) Long Bond: 97 13 Y132.95 (132.75)

record order for 200 new aircraft GPA, the world's largest aircraft leasing company, based in Ireland, is expected

Business Summary

to announce one of the biggest batches of aircraft orders ever, worth about \$15bn. Page 20 THE LONDON Metal Exchange, a world reference point for metals contracts, is

Malaysian tin price Ringgit per kilogram



to start trading tin again on June 1 after a break of 31/4 years. Page 20

FUJITSU of Japan has chosen Britain as the site for its first integrated microchip factory in the EC, worth \$676m. Page

HEWLETT-PACKARD, the US electronics and instruments group, is to acquire Apollo Computer in a \$500m cash deal.

NISSAN, the Japanese car maker, is to invest about \$490m in the US, which will double production there. Page

DAF, the Dutch commercial vehicle maker, is expected to raise up to \$473m for shareholders when it goes public.

Page 21

AUSTRALIA'S Labor Government announced a budget with an electioneering \$4.5bn tax cut. Page 20

MR ROBERT MAXWELL, the MK ROHEK! MAXWELL, the UK publisher, is to take advan-tage of a \$200m divestment programme by Koor Industries, israel's largest industrial group. Page 23

WOOLWICH, the UK building society, lost its case against the Inland Revenue over the payment of composite rate tax.

THE EUROPEAN Commission is studying proposals by the French Government to write off \$1.9bn debts owed by Renault car makers. Page 2 FIVE Law Lords, the UK's

highest judges, agreed to hear the final appeal by Lourho, the international trading group, in its legal battle on the House of Fraser takeover. Page 10

COMMERZBANK, West Germany's third biggest bank, reported profits down by 4.3 per cent to \$580m. Page 22

VENEZUELA'S general price index rose 21 per cent during-March, the highest monthly increase on record. Page 8

THE FAILURE of the Spedley group, Australia's latest corpo-rate collapse, spread in finan-cial markets as four more connected companies had their shares suspended. Page 23

EXPORTS to South Africa from the UK increased 13.3 per centin 1988 while sales to Nigeria fell 18.9 per cent in the same-

THE COUNCIL of Gatt for-mally approved plans to start regular reviews of countries' trade policies. Page 3

HONG KONG'S Securities and Futures Commission (SFC), the new watchdog body for the local securities industry, will start in May. Page 6 **GOVERNMENT** inquiry into the New Zealand stock market has recommended a supervisory authority be set up. Page

STOCK INDICES

New York lunchill

2 318.18 (+6.6)

299.01 (+0.52)

S&P Comp

FT-SE 100

Tokyo

2,033 (+1.7)

142.89 (Tues)

Commerzbank

1,721.0 (+8.2)

Brent 15-day (Argus) \$19.10 (-0.075) (May)

West Tex Cruda \$20.55 (-0.185) (May)

Nikkei Ave 33,258.45 (+8.87)

Frankfurt

Georgian party leader offers to quit as Gorbachev urges peace

By John Lloyd in Moscow

GEORGIA'S Communist Party leader, Mr Dzhumber Patlashvili, offered his resignation yesterday as Mr Mikhail Gorbachev, the Soviet leader, appealed for an end to violent clashes in the republic, which he said had damaged perestroika.

In an address to Georgian people, to be published in today's Georgian press, Mr Gorbachev says: "We stand for the consistent expansion of the

rights of the republics."

But he adds: "Restructuring of inter-ethnic relations is not the replanning of the borders or the breakdown of the national-state structure of the country. We are resolutely

Mr Patiashvill's position has looked vulnerable since his predecessor – Mr Ednard Shevardnadze, the current Soviet Foreign Minister - came from Moscow to take control of events in the Georgian capital of Thilisi following the deaths of demonstrators at the

The government spokesman, Mr Gennady Gerasimov, said the relevant party bodies had not yet decided whether or not to accept the Georgian leader's resignation.

However, Moscow radio's descrip-tion of Mr Patiashvili's gesture as "moving," and Mr Gerasimov's reference to it as "noble", suggested that Mr Patiashvili's fate had been sealed.

Mr Gerasimov confirmed reports that Mr Shevardnadze had met leaders of Georgia's nationalist parties, as well as other members of the public and members of the scientific and artistic communities.

Members of that same public will be invited to sit on the special commis-sion investigating the deaths early on Sunday of protestors at the hands of police – deaths which have now officially risen to 19. The death of a young woman in hospital early yester-day took the number of women killed in the incidents to 13.

Opposition activists said last night that they had pasted a list of 40 names on walls around the city, of

those people either known to be dead or missing, presumed dead. These sources are insisting that 30 is the minimum number of casualties

- thus implicitly downgrading earlier estimates, which gained wide currency in Thilisi, that as many as 200 people had died. One nationalist leader said strikes and demonstrations had spread to

many parts of the region.

The line from the Government at every level now is much more concillatory than the abrasive assumption earlier this week that the demonstra-tors were asking for trouble.

Pravda, in another brief report

all the Soviet media have been curt

about the events - criticised the lack of information, said the events were a "tragedy" and promised that those responsible would be brought to justice - without specifying whether these were on the side of the troops or the demonstrators.

Mr Gerasimov said that funerals of the 19 victims would begin today, when one would be buried, followed by 11 tomorrow and the rest at the

Further demonstrations may take place at the Friday funerals. The day is the anniversary of a famous demonstration in 1978, for which a large protest meeting had been planued before the events of last weekend.

SmithKline and Beecham agree £6bn merger plan

By Peter Marsh in London and James Buchan in New York

AN AGREED merger aimed at creating the world's second-biggest pharmaceuticals group was announced yesterday by SmithRline Beckman of the US and Beecham of Britain, the

The merged group would have a market capitalisation estimated at about £6bn (\$10bn) and annual sales of about £3.7bn - half of which would be in prescription drugs and the rest in a number of health-related products includ-

ing over-the-counter medicines.
The agreement involves setting up a new company, Smith-Kline Reecham, based in Lon-don and owned equally by the shareholders of the two existing companies. It would be the biggest drugs business after Merck of the US, the industry

The get-together is based on a complex arrangement of share swaps involving investors in the two companies which would be supplemented by an additional dividend payment to bolders of SmithKline

financial analysts expressed doubt about whether the agreement would gain the necessary backing from shareholders, particularly those in Smith-Kline, when they consider it in June. The analysts said the accord seemed more worthwhile for Beecham shareholders and there was also specula-tion that a rival drugs company might bid for Smith-Kline, pushing up the price of its stock on Wall Street and ruining the chance of the Bee-

cham deal going ahead. Wall Street analysts yesterday expressed disappointment that SmithKline stockholders were due to receive little cash under the merger terms.

Analysts in London and New York said the package being offered to SmithKline's shareholders was hard to value, with assessments ranging from \$60 to \$70 a share.

Wall Street signalled, how-ever, that that it would be receptive to an all-cash offer for SmithKline from another company.

Mr Samuel Isaly, a pharmaceuticals analyst at SG War-

burg in New York, said he thought there was a "significant likelihood" of a countercant heenhood of a counter-bid for either one or both of Beecham or Smithkline. In early trading in New York yesterday, Smithkline shares dropped by about \$1 to a little over \$63. In London, Beecham shares had risen 40p in early dealings before finishing the day on 615p. up 14p.

day on 615p, up 14p. Under the merger plan, Mr Bob Bauman, 58, chairman of Beecham since 1986, would become chief executive of SmithRitne Beecham. Mr Bauman, an American,

has a good reputation in tha City of London for improving the performance of Beecham, which was in difficulties early in the 1980s. As part of yester-day's announcement, Beecham estimated its pre-tax profit for the year to March 31 1989 at about £490m, a 17 per cent

increase on 1988. Mr Bauman will be in charge of day-to-day management at the new company, with the chairman's job being done by Mr Henry Wendt, 55, currently chairman of SmithKline Beck-

Under the terms of yester-day's agreement, SmithKline's interests in scientific instruments and eyecare are to be spun off to shareholders while Beecham is to seek outside buyers for its existing cosmet-ics business, which is thought

Delors group unanimous on monetary union

By Peter Norman, Economics Correspondent, in London

THE DELORS Committee of European Community central bank governors and outside experts yesterday reached unanimous agreement on their report plotting the way towards economic and monetary union in the EC.

After two days of negotia-tions in Basle, Mr Jacques Delors, the EC Commission president and chairman of the 17-man group, announced: The report is finished and the conclusions are unanimous."

Neither Mr Delors nor any other member of the group would disclose details or say whether all disagreements had whether at this greater is under-stood that the details of the report are heing kept, under wraps until EC heads of gov-

ernment have had an opportu-

enment have had an opportu-nity to read it. Even before EC leaders had seen the report, there were renewed signs that the issue of renewed signs that the issue of economic and monetary union was moving back into the cantre-stage of European politics.

In Bonn, Mr Helmut Kohl, the West Gerinan Chancallor, restated his vision of a European central bank and a single currency at the and of the process towards unification of the 12 EC member countries. In a speech to the European Parilament in Strasbourg, Mr Felipe ment in Strasbourg, Mr Felipe Gonzalez, the Spanish Prime Minister, declared that Spain would seek a "fundamental

political debate" on monetary union at the Madrid summit of EC leaders at the end of June. In Basic, Mr Delors said he planned to hold a press conference about the report next The fact that the report was

signed by all 12 EC central bankers represented on the Delors Committee suggests that it is a pragmatic docu-

ment that has successfully met objections to earlier drafts raised by West Germany, Britain and Luxembourg, If this is the case, the report should be a technical document that nonetheless outlines some of the costs in terms of national sovereignty over eco-nomic policy that monetary union in the EC would involve

for the member states.

Asked by reporters in Basic shout his reaction to the committee's final text, Mr Karl-Otto Pohl, the Bundesbank president, said, "I am quite

happy." Mr Robin Leigh-Pemberton governor of the Bank of England, said on leaving the meeting, I have signed a unanimous report and am pleased to have done so." One committee member said

the document contained "a lot of German thinking." Another said Mr Pöhl "had good reason said Mr Foll "had good reason to look happy." A month ago, discussions in the committee were marked by a furious argument in which Mr Pohl, Mr Leigh-Pemberton and Mr Pierre Jazas, the head of the Luxembourg Monetary Institute, complained that the draft prepared at that time envisaged too rapid a movement towards economic and monetary union in the EC.

Mr Pohl has long maintained that monetary union in the EC and its institutional trappings such a central bank and common currency should be dis-tant goals to be reached after the achievement of lar greater convergence of the 12 member states' economic performance. In the committee, France,

Italy and Spain had pushed for rapid institutional steps towards monetary union, involving changes to the EC

Mexico reveals loan pact with IMF

By Richard Johns in Mexico City and Stephen Fidler in London

MEXICO has released details of an agreement in principle with the International Monetary Fund (IMF) over new loans, an unusual move designed to show the Government has made no concessions to the

Fund to secure financing.

The publication of the so-called letter of intent between Mexico and the IMF was made with the apparent aim of convincing public opinion that Mexico had not changed its economic pro-gramme to satisfy the Fund a sensitive political issue. Announcing the accord with the Fund, Mr Pedro Aspe, Mexican Minister of Finance, said that "a considerable propor-

tion" of an IMF extended fund. facility - equivalent to \$3.63bn over three year with the option to extend it for a further year - would be devoted to reducing the principal and the servicing of the debt.

An IMF official in Washington said yesterday that Mexico would almost certainly qualify for an additional \$500m this year from the Fund's Compensatory and Contingency Financing Facility, because of the fall last year in its export earnings and the increase in prices of imported foodstuffs. Having reached agreement with the Fund, Mexico will

begin formal negotiations with

its main commercial bank

creditors next Wednesday on a financing accord. The Mexicans want to include in the agreement a rescheduling and other financing options for banks, including new loans, the voluntary capitalisation of interest, and the reduction of debt and servicing.

Mr William Rhodes of Citi-corp chairman of Mexico's

corp, chairman of Mexico's bank advisory committee. described the IMF accord as a "positive signal that forms an important part of Mexico's economic programme." He said it would facilitate negotiations with the banks.

Mexico's immediate aim is to reach a comprehensive agree-ment by August, reducing the debts from 6 per cent of gross domestic product to 2 per cent. The letter of intent says that a net increase of the availability of financial resources of 37bu or more will be needed annu-ally during President Carlos Salinas de Gortari's six-year term of office.

outflow of resources to service

Negotiations with the World ank on \$1.50n worth of loans to support Mexico's structural reform programme would be concluded in the near future, Mr Aspe said. Initiation of talks with the Paris Club of creditor countries on restructuring Mexico's debt would also take place soon, he added.

Hewlett to acquire Apollo in surprise US computer deal

By Louise Kehoe in San Francisco

HEWLETT-PACKARD, the US electronics and instruments group, is to acquire Apollo Computer, the Massachus-setts-based computer manufacturer, in a \$500m cash deal that suprised the US computer industry.

The acquisition is Hewlett-Packard's largest since the 1960s and is a major departure for the company.

HP exacutives said it reflected the company's deter-mination "to be a major player in the computer business as a

whole, and in particular in the fast growing workstation seg-Computer workstations are high performance desk-top machines used primarily in sci-entific and technical applica-tions as well as in sophisticated financial analysis. The workstation market is the fastest-growing segment of the

HP and Apollo both have major shares of the workstat-ion market. HP took 16.9 per cent last year, according to Dataquest, the market research firm, while Apollo was esti-mated to hold 13.5 per cent. Combined, the companies' workstation sales could top those of the market leader, Sun Microsystems, which announced a new range of high-performance machines

yesterday.
One of the pioneers of the computer workstation indus-try, the nine-year-old Apollo has been under intense competitive pressure from Sun and others over the past year and has been losing market share. Apollo's financial performance has also suffered. The company reported losses in the second and third quarters of last year to produce net

income of \$2.1m, or 6 cents per

share, for 1988, down from \$20.5m or 56 cents in 1987.

ings ..

Financial Futures 42
Gold 34
International bonds 25-27
Intl. Capital Markets 25-27

Although revenues rose 18 per cent, to \$653.5m for 1988, the company's growth did not keep pace with market expan-

price rose quickly on the news, reaching \$12.75 by midday. HP's share price fell % to

HP said the acquisition had been unanimously approved by the boards of both companies and that it planned to begin a tender offer in five days. HP and Apollo have much in common in their approach to the workstation market.

end workstation products on the same Motorola microprocessors, while each has its own proprietary Reduced Instruction Set Computing architectures for high-performance workstations.

_ 33

HP is offering \$13.125 per share for Apollo, well above yesterday's opening price for Apollo's shares of \$8.125. However, Apollo's stock

the workstation mar Both have based their low-

wide sales expected to top \$6bn this year, up 50 per cent from CONTENTS

Ten commandments of a multi-billion crisis

computer industry with world-



Companies ... World Trade .

President George Bush (left) that the Savings and Loan debacle must be tackled urgently. The only problem is that they disagree on how it must be done. Page 20

21,24

agements Selling British insurance 16 Editorial comments The US-oil conundrum; The price of glasnost Lombard: Waiting for British Telecom to Economic viewpoints Same information, more Less SmithKiine Beecham; RMC; Australia: Technology: Changing face of corporate meet-

-Wall Street .

Malaysia: Rich mix to what the business appe-

WHAT'S HOLDING **YOUR BUSINESS** BACK?

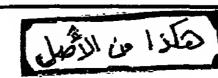
Shortage of labour supply? High land costs? Prohibitive rental costs? Shortage of quality land for expansion?

It is a fact that many U.K. manufacturing and service companies with expansion plans are facing these difficulties, particularly in Regions with low unemployment coupled with high demand for available land and buildings.

It is also a fact that these difficulties can easily be overcome, as many companies have already realised, by making their choice of location for expansion in the County of Clwyd, N.E. Wales, where all the elements vital to successful business are in plentiful supply. If you are an established company and would like to find out more about Clwyd and the considerable benefits it can offer your company, dip the coupon or contact The Clwyd Industry Team

and we will send you our FACT PACK. Write or phone The Clwyd Industry Team, Clwyd County Council, Shire Hall, Mold, Clwyd CH7 6NB. Tel. 0352 2121 Fax. 0352 700321.

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EUROPEAN NEWS

East bloc proposal on tactical missiles keeps Nato off balance

Pact offers new nuclear arms talks

By Robert Mauthner, Diplomatic Correspondent

THE WARSAW Pact yesterday contributed to the disarray among the Nato nations on the updsting of tactical nuclear missiles by formally proposing early talks on reducing and eventually eliminating these weapons stationed in Europe.

A statement issued at the end of a meeting in East Berlin of the Pact's foreign ministers said the member states were prepared to open preliminary consultations with Nato on the terms of reference for negotiations on short-range nuclear weapons, which would run par-allel to the Vienna conven-

tional arms talks.

Such negotiations should also cover the nuclear component of dual capable systems, which can fire either conven-

tional or nuclear arms.

The proposal, which was immediately rejected by Britain, was foreshadowed in

Brussels to

clear air on

reciprocity

THE EUROPEAN Commission is expected to clarify later

today what it expects from the

rest of the world in return for the Community's planned lib-eralisation of financial and

other services, and to refine the circumstances in which such reciprocity demands

might be made. Sir Leon Brittan, the Compe-

tition Commissioner, is con-cerned that the reciprocity pro-

vision in the draft Second

Banking Co-ordination Directive, approved by the Commission last year before he took over EC responsibility for financial services, has roused needless foreign fears about

European protectionism.

By the same token, foreign governments and business will read the outcome of today's Commission debate in Stras-

bourg for signs of whether their anxieties about a "For-tress Europe" are justified. Until at least the close of the

Uruguay Round of Gatt talks,

banking reciprocity is seen abroad as the litmus test of EC

as the question of how Europe handles Japanese car imports beyond 1992 is regarded as the

test for trade in goods.

Sir Leon is proposing a re-drafting of the banking draft

directive - which needs EC governments' eventual approval - to give the Com-

mission more discretion in

seeking matching access for EC banks in third countries.

As presently drafted, the

hanking plan stipulates that

the Commission must apply a

foreign reciprocity test to each

and every future application hy a foreign bank to establish or

acquire a subsidiary in the

Today's discussion, which pits Sir Leon, Mr Frans Andriessen, the External

Affairs Commissioner, and Mr Martin Bangemann, the Inter-

nal Market Commissioner,

against Mr Jacques Delors, the Commission president, Mrs Christiane Scrivener, the Tax Commissioner, with some sup-port from other commissioners,

will not turn on whether

Europe should seek some form

of reciprocity from its partners.

The main thrust of the EC

banking plan is to give any

bank, whatever its ownership,

"a single banking licence" to

conduct from a base in one EC

state business in all other 11. "The Community cannot be

repreached for trying to get

others to open up their mar-kets," Mr Andriessen said last

week, acknowledging that the

outcome in the banking sector

would largely determine bow Europe tackled hilateral reci-

procity in related areas like

investment services, and in

other areas of services and public procurement. In the absence of an overall Catt pact,

no multilateral trade rules yet

Precisely because of the pre-

cedent-setting nature of a banking reciprocity decision, officials close to Mr Delors have argued for delay. But the

successful mid-term assess-ment of the Catt talks may tip

the arguement sgainst them in

govern these sectors

Community.

By David Buchan in

Mr Mikhail Gorbachev's speech in London last week in which he strongly opposed the updat-ing of Nato's Lance tactical nuclear missiles and called for the progressive elimination of

A Foreign Office spokesman in London said Britain would oppose negotiations on short-range nuclear weapons because the two alliances did not agree on a common con-cept for such negotiations. As Sir Geoffrey Howe, the Foreign Secretary, pointed ont in a speech last Tuesday, Mr Gorbaspeech last Tuesday, Mr Gorba-chev believed in a nuclear weapons-free world, whereas Nato's basic strategy was one of nuclear deterrence, which had ensured world peace for an unprecedented period of more than 40 years. Conventional weapons alone had never

stopped wars crupting. However, the Warsaw Pact's

proposal is likely to have a much more sympathetic reception in Belgium and West Ger-Nato defence ministers are many. Although neither of these countries is in favour of eliminating tactical nuclear weapons in Europe, both consider that Nato would be ill-advised to update its missiles in the present vastly improved climate of East-West relations.

Mr Wilfried Martens, the Bel-gian Prime Minister, warned his Western partners on Tuesday that his Government would not support any decision by Nato on the modernisation of the ageing Lance missile, which has a range of 75 miles,

This is also the timetable favoured by West Germany, where Chancellor Helmut Kohl has come under strong pressure from anti-nuclear opinion, which has partly centributed to the ruling Christian Demo-

due to have a first discussion of the Pact proposals at their meeting in Brussels next week. But the final decision on the updating of the alliance's tactical nuclear weapons in Europe is not due to be taken until the summit in Brussels, marking the 40th anniversary of the Alliance's foundation, at the

end of May.

The big questionmark hanging over that meeting is what stand the US will adopt. In the closing mouths of President Ronald Reagan's Administration the US was already veering towards a compromise which would take West Germany's strong reservations on many's strong reservations on short-range nuclear weapons into account. But the new Bush Administration has yet

Kohl set to reshuffle cabinet

MR HELMUT KOHL, the West German Chancellor, is expec-ted to announce today his long-awaited Cabinet reshuffle, with Mr Gerhard Stoltenberg, the Finance Minister, likely to take over the Defence Ministry

Mr Theo Waigel, leader of the Bavarian conservative Christian Social Party, is expected to move to the Finance Ministry, according to reports circulating in Bonn last night.
Mr Kohl is also likely to

move Mr Wolfgang Schaeuble, his right-hand man, as Chan-cellery Minister, to the Interior Ministry, where he will take over from Mr Friedrich Zim-

Although officials could not confirm details of the moves last night, Mr Alfred Dregger, leader of the conservative Par-

liamentary grouping in the Bundestag, said the changes to be announced today would be a "good solution."

Mr Kohl's reshuffle is designed to improve the cen-tre-right Government's fortre-right Government's for-tunes, after a string of regional election setbacks. Altering the Cabinet line-up, however, just two months before the Govern-ment's next test at the Euro-pean elections in June, amounts to a clear gamble. The moves add up to the Chancel-lor's vast significant chance to reshape his team before the run-up begins in earnest to the next general election in Decem-ber, 1990.

The changes look likely to be accompanied by a decisive shift in West Germany's nuclear energy strategy, which could also be designed to stem the tide of anti-nuclear voters

switching to opposition parties.
According to officials in
Bonn, Mr Kohl next week is
expected to discuss with President François Mitterrand giv-ing up West Germany's planned nuclear reprocessing complex at Wackersdorf in Eastern Bavaria. West Germany would then make much more use than planned of France's giant reprocessing plant at La Hague in Normandy for processing spent fuel from nuclear power plants.

This move, which would end an ambitious German plan to forge ahead in nuclear fuel technology, has been foreshad-owed by a decision from Veba, the German energy and chemi-cals group, which has an important indirect stake in Wackersdorf, to co-operate with Cogema, the French nuclear fuels company.

Gonzalez set on raising divisive issues at EC Madrid summit

By Tim Dickson in Strasbourg

MR FELIPE GONZALEZ, Spain's Prime Minister, yester-day outlined his hopes for the European Community's June summit in Madrid and made clear his determination to raise some of the issues which most divide the 12 member Governments of the EC.

Addressing the European Parliament in Strasbourg in his capacity as President of the European Council, Mr Gonza-lez said Spain is keen to use the Madrid meeting to make progress on closer monetary union, to raise the question of "social rights" in the Community, to set a programme for the removal of physical fron-tier controls, and to reach an "understanding" on what the EC can do to ease the debt problem in developing coun-

The Spanish leader took the The Spanish leader took the opportunity to parade his personal enthusiasm for closer European Integration, the importance of the "social" dimension of the internal market, and the need to use the powers of the Single European Act to improve the life of "the average European citizen". He verage European citizen". He believed progress towards the goal of the 1992 programme was "irreversible" but warned that many of the more "complex decisions which affect basic principles" had yet to be

On monetary union Mr Gon-zalez said the Madrid summit needed to have an "in depth political debate" and to draw np medium term objectives and a timetable for action. On social matters Mr Gonzalez expressed his hope for a "far reaching exchange of views" in Madrid and declared his particular enthusiasm for a Community action plan against unemployment.

Referring to the interna-tional debt problem he claimed the US and the IMF " were beginning to recognise" that could not be left out. "We will come up with an understanding among the 12 (at Madrid) in order to prepare internal action in this area".

Mr Gonzalez said it had been a fundamental objective of the Spanish Presidency for Europe's voice to be heard "loud and clear". He high-lighted the recent agreement between the 12 on the control of chemicals for chemical weapons as a sign of the way political co-operation was becoming closer.

Strasbourg votes fast move to 'clean' cars

By Tim Dickson In Strasbourg

THE prospect of markedly "cleaner" European cars in less than four years time was dramatically raised last night when the European Parliament overwhelmingly voted for a quick move to tougher. US style pollution standards. The decision, which could

involve the European motor industry in billions of pounds of extra investment, is proba-bly the most spectacular use so far of the Strasbourg assembley's new constitutional powers and poses a major political challenge to several member states, notably Britain and

France.

It effectively means that the Council of Ministers - the EC's main decision making body which has already tortuously agreed a more modest compromise on so called "small" cars - will either reluctantly have to swallow the "greener" amandments or reject them amendments or reject them unanimously in favour of their own more cautious alterna-

EC officials and diplomats admitted last night that una-nimity against the Parlia-ment's amendments is almost ment's amendments is almost out of the question, while it was widely observed that the next meeting of EC Environment Ministers is due to be held just a few days before the European elections in mid June. "The pressure on member states to go along with this will be enormous. Given the timing, it will be very difficult for them to vote against," a senior Commission official commented last night.

Arguably the key development yesterday was the open alliance between the Parlia-

alliance between the Parlia-ment and the European Com-mission, which has been swept mission, which has been swept along in recent months on a tidal wave of green politics.

Mr Carlo Ripa di Meana, the EC's environmental Commissioner, said last night that he was "fully satisfied" with the results of the amendments which provide for standards nn small cars (less than 1406cc) of 20 grammes per test. 1400cc) of 20 grammes per test for carbon monoxide and 5 for carbon monoxide and 5 grammes per test for a combination of hydrocarbons and nitrogen oxides by 1 January 1998. (For technical reasons the Commission will put forward a range of 19-21 and 4.8 to 5.2 respectively.)

The figures of 20 and 5 are directly in line with US Federal standards and significantly imaginer than the 30 and

cantly tougher than the 30 and 8 provisionally agreed by a "qualified majority" of mem-ber states last November.

Underlying but complicating the whole debate is a fierce battle over the most appropriate technology for meeting the tougher "US style" norms. At the moment only the so called three way catalytic converter is capable of doing the job but Britain, among others, has invested large sums of money in the cheaper lean burn

Eta gives notice of terrorist campaign as Guard is shot

explosions at the weekend on the railway line linking Bilbao to Vitoria, the seat of Basque

A POLICEMAN was shot-dead past days and for a series of at point-blank range in Bilbao explosions at the weekend on the railway line linking Bilbao to Witness the seat of Bacaras Basque separatist organisation. Eta, issued a statement warn-ing of widespread terrorist

action. Mr Jose Calvo, a 51-year-old Mr Jose Calvo, a 51-year-old Civil Guard sergeant who worked at the Bilbao port customs, was the first fatal victim of Basque violence since Eta declared a truce at the begining of January in response to an offer of peace talks with the Madrid Government. The negotiations, which were held in Algiers, broke down at the end of last month.

of last month. Eta's statement yesterday claimed responsibility for a spate of letter bombs in the

regional government.
Letter bombs sent to the offices of Mr Jose Barriomsevo. a former Interior Minister, and to those of the government delegate in the Basque country failed to explode.

The statement said there

would be further-letter bonabs, and it warned that the railway lines between Madrid and Bil-bao and Madrid and Valencia would be bombed this week. It added that the increased violence would be curtailed should the Madrid Government return to the Algiers negotiating table and agree to a joint

statement on the progress of the talks since January. The wording of the Algiers statement led to the break-down of the talks. The Madrid officials who had been meeting the Eta representatives refused to endorse the document's ref erences to substantive political

negotiations. Yesterday's shooting and the threatening statement put an end to the faint remaining hopes that the negotiating pro-cess could be resumed. Followcess could be resumed. Following the murder, Mr Jesus Eguiguren, Speaker of the regional
Basque parliament, expressed
a consensus view: "Eta has
definitively closed the door on
any possibility of pacification
by way of dialogue."

Commission studies Renault debt plan

By William Dawkins in Brussels

THE EUROPEAN Commission is studying new French proposals on the conditions under which the Government wants to write off FFr12bn (£1.1bn) of the debts of Renault, the stateowned car producer.

Mr Roger Fauroux, France's Industry Minister, has written to Brussels explaining how he plans to remove the company's state debt guarantees so that it competes under more normal commercial conditions. Com-mission competition officials

mission competition officials are expected to take up to a fortnight to decide whether they are satisfied.

If Brussels is not convinced that France is sticking to the spirit of an agreement last year to remove Renault's special status as a regie (which cannot he declared bankrupt) it could launch a legal action against the Government.

The previous French conservative Government had promised to remove Renault's regie

by the end of last year, as the main condition for the debt But the succeeding Socialist

administration decided to change the deal, a reflection of the fact that it could not get parliamentary approval because of intense opposition among its Communist and

union supporters.
Instead, it passed a decree (which does not need full parliamentary assent) making it possible for Renault to be declared bankrupt. The Com-mission is not satisfied that a mere decree can be as binding as a law. Legislation on Renault could

bring an internal crisis for the French Government, yet any softening on the issue from the Commission would provoke protests from the UK and West German governments, both of which have been forced in

Danes expected to oppose directive on broadcasting

By Hilary Barnes in Copenhagen

THE DANISH Government is expected to lay out its strong opposition to a European Com-munity directive on broadcasting at a Council of Ministers meeting today. Mr Niels: Wilhjelm, the Min-

ister for Industry, is expected to tell the council Denmark will neither administer the lation to comply. He will add that if the Euro-

pean Court finds Denmark is obliged to follow the directive, Denmark will then declare the issue to be "of vital national importance", the procedure required before a country can exercise a veto. Denmark's minority coalition government has come under pressure from a majority in the Danish Parliament's influential Market Affairs Committee to stop the

The opposition Social Democratic Party's market affairs spokesman, Mr Ivar Noer-gaard, said yesterday the Gov-ernment must either follow the

majority or resign.

The Danish objection to the directive is that it impinges on an issue of cultural policy, and cultural policy is not covered Danes, therefore, the issue is one of principle rather than the content of the directive. However: the Commission sees the directive as concern-

ing freedom to exchange televi-sion services within the con-text of the open market. The directive contains guide lines on advertising, the broad-casting of offensive material, such as pornography, and calls for television programmes to contain a majority of European material where practicable.

Walters: US auxiety

Bonn cool on new **US** envoy

By David Goodhart in Bonn

MR VERNON WALTERS, former deputy director of the CIA, will find a more critical reception when he arrives in West Germany as US ambassador this month than he received at yesterday's confirmation hearing of the Senate Foreign Relations Committee in Washington

in Washington.

Mr Watters' appointment is seen by many analysts as a measure of US anxiety over measure of US anxiety over West German drift on security matters. He is regarded as more conservative, than his predecessor, Mr Richard Burt, and has a reputation as a "trouble-shooter".

During his military career 1941 to 1976 he served as special adde and offen interpreter.

cial side, and often interpreter, to several presidents. Prior to his appointment as the US's. the UN in 1965 he served as a special adviser to Secretary of State Alexander Haig and then, 1981 to 1985, as Ambassador at-

Large. In the latter capacity he travelled to more than 100. countries as the Reagan Administration's chief diplomatic trouble-shooter. He speaks seven languages, including German.

His appointment has not pleased liberal and left-wing opinion in Bonn and be will not receive an ecstatic welcome from the Foreign Office. A recent German television programme was highly critical of his role in various Third World countries during his time at the CIA and implied he was a supporter of the late

General Franco of Spain.
Mr Watters, 72, is expected to
take a hard line on early modernisation of short-range
nuclear missiles which West Germans want to postpone until after the 1990 election. Mr Hans-Jochen Vogel, the

opposition Social Democrat leader, who recently visited President George Bush, reported back that the US position on modernisation was tougher than the West German Government was letting on.

Cigna's Irish link

Cigna Corporation, one of the largest US insurance companies, is to set up a medical claim processing centra in Ireland, writes Kleran Cooke in Duhlin. Claim forms will be flown each day to the centre which will be linked by conputer to a US data processing installation. This will then send cheques to claimants. The time difference hetween Ireland and the eastern US will enable Cigna to add five hours to its processing workday.

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Cheaper EC air fares glimpsed on the horizon

William Dawkins examines the implications of the European Court ruling on airline price-fixing

HE BATTLE for cheaper air fares has been made a lot easier by the European Court of Justice's ruling that nearly all airline price-fixing accords may contra-vene EC competition rules. But it will be several years before travellers see

real benefits.

The ruling was welcomed warmly yesterday by the European Commission, central player in the future of competition in air transport. It strengthens Brussels' hand as it prepares proposals for the second stage of EC air transport liberalisation, to build on a hard won package adopted by the 12 Community governments in December 1987. Not surprisingly, the airline indus-

try reacted with chilly caution to the decision, sparked off by a cut-price ticket scheme run by two Frankfurt

travel agents.

The case confirms for the first time that EC rules against anti-competitive agreements apply to internal domestic flights and to routes between Commu-nity and non-EC airports. This goes well beyond current EC rules on free competition in air travel, which only apply to flights between member

this year's new Commission states.

The decision also stipulates that which looks like having a more pronounced free trade bent governments, with very few excepthan its predecessor.

A first reaction to any Comtions, cannot sanction fares resulting from such agreements, a blow to some mission changes may come at countries' tendency to protect next Monday's meeting of EC

"This is a landmark judgment, with far-reaching implications for consum-ers and arrives alike," said Sir Leon Brittan, the Competition Commis-sioner. Mr Karel Van Miert, his col-league in charge of transport, said it would "reinforce public hopes" for lib-

"It is a milestone, though it has certain consequences which one might regret one day," warned Mr Karl-Heinz Neumelster, secretary general of the Association of European Airlines (AEA), representing 21 carri-

In the immediate future, the court decision could help the Commission make up its mind on a complaint against the French Government for refusing European licences to the independent airline Union de Transport Aeriens (UTA), as well as help it decide on the potentially anti-competitive takeover by KLM of the fellow Dutch airline, Transavia.

What happens next depends on how the ruling is exploited by interested parties, like competing new carriers keen to undercut established airlines, disgruntled passengers, or the Commission itself.

It also depends on how far the Brus-sels executive (not all members of which are avid deregulators) follows the spirit of the court's ruling in its next round of air transport rules, due to be tabled by October. The proposals would then have to

run the gauntlet of EC governments' conflicting interests and loyalties to national airlines, before taking effect. The 1987 airline package sets restrictions on inter-sirline and government accords on price fixing, tariff and capacity sharing. It also gives air-lines a so-called block exemption, allowing them to agree fares between EC states voluntarily, subject to strict conditions

These apply for a three-year period

ending in April 1990, by when the Commission aims to bring into effect the next phase of air deregulation. The current rules are based on another European Court judgment, in 1986, on a case involving a French travel agent who sold cut-price tick-ets. That simply confirmed for the first time that EC competition rules applied to air travel, while this week'e ruling provides a detailed explanation of inch how those pulse and and the of just how those rules should be

The heroes of this case are another set of entrepreneurially minded travel agents, Ahmed Saeed Fingreisen and Silver Line Reisebure, of Frankfurt, who annoyed Luthansa by undercutting its fares from Frankfurt to

Tokyo.

They found they could sell tickets from Lisbon via Frankfurt to Tokyo for up to 60 per cent less than Frankfurt to Tokyo direct, thanks to the weakness of the Portuguese escudo against the D-Mark.

The West German Association for the Campaign against Free Competi-tion, a kind of fair trade watchdog, sued the travel agents for breaking national air fare rules and undercutting government sanctioned ticket

The travel agents lost in local courts and appealed to the country's high commercial appeal court in Karlsruhe, which passed on the case for Luxembourg's opinion two years ago. The ruling will now be put into effect by the West German courts, no doubt to Mr Saeed's intense relief.

n detail, the Luxembourg court ruled on three key points:

Bilateral or multilateral price fixing pacts for domestic routes or flights between EC and non-Commu-nity surports are void unless specifically cleared by the national authorities in the EC country involved. The Commission should vet tarifffixing accords on flights between EC countries — as opposed to national authorities as under the present sys-

• Price fixing accords can be banned if they force competitors to follow excessively high or low prices, or force all carriers to charge the same on a single route. The ruling confirms EC law considers that an illicit abuse of a dominant position. • Governments cannot generally protect national airlines by authori-

sing anti-competitive price-fixing agreements or artificial prices. They can only do so if this is essential for airlines to carry out a task "of general interest," like being asked by a government to fly an otherwise unprofitable route. The details and how this affects fares must he clearly explained, said the court.

Airlines will now be holding their breath to see what the Commission makes of it all. The AEA's Mr Neu-meister foresees several problems, Greater price competition than

allowed under the present EC airline rules could jeopardise the ease with which travellers can use tickets issued by one carrier to travel on another. This practice known as interlining, is most common in business class, where different arrines' fares are most closely co-ordinated. EC airlines could suffer if the Community were to challenge tariff accords with third countries on the basis of the decision. US airlines, for example, would be only too glad to see Washington scrap its bilateral air agreements with European governments, so that they could then under cut their EC competitors more seeily

cut their EC competitors more easily on US-European routes. on Us-European routes.

"We are not applauding," says Mr
Neumeister. "But it's better to have a
clear milestone than having uncertainty. It is better for us to know the

rules of our husiness well in

Energy from nuclear fusion fuels Italian enthusiasm — and doubts

THE PRESIDENT of the main nuclear research agency in Italy – a country where inter-est in nuclear fusion is partic-nlarly strong – donbts whether the process will be of commercial use until well into the next century.

Unless there are "picasant surprises". says Professor Umberto Coiombo, "we remain 35-40 years away from the availability of fusion on a

commercial basis." The claim of Profs Stanley Pons of the US and Martin Fleischmann of Britain tn have achieved fusion in a test-tube, at a cost of just over \$100,000, generated enormous excitement in Italy, which devotes a higher proportion of its research effort to nuclear fusion that any other European country. But Prof Colombo, president of the research body Enez,

complement rather than replace the existing, vastly more expensive research projects. "We were impressed by the (new) reports . . . they npen a new research line which ought to be pursued without a negative bias and without excessive optimism." he told the FT in an interview. He said that both Enea and

Italy's National Research

said the new theories should Council would conduct experiments, in parallel with other European centres, along the lines of the Fleischmann-Pons announcement "without any preconceived opinion." But the new theories should not justify any reassessment of the European Community's overall nuclear fusion policy.

The Oxford-based, EC-backed European Torus project, which produces fusion at

degrees, costs about £75m a year, and its enccessor is expected to be even more expensive.

Prof Colombo, who also directs research into "renewable" power sources, was strikingly metimistic about the profession and renewable energy is not competitive with fossil fuel at present values, the price of oil is bound to get much higher as time goes by."

Italy's interest in both fusion and renewable energy reflects its overwhelming.

able" power sources, was strikingly optimistic about the prospects for a breakthrough in solar energy. "I believe that Italy could get 10-20 per cent of its energy

reflects its overwhelming dependence on foreign energy sources (to the tune of more than 80 per cent) and the fact that its voters renounced cur-

rent nuclear fission technology in a 1987 referendum. Renter adds from Moscow: Soviet scientists have also managed to create nuclear fusion at room temperature, Moscow University's physics faculty, had performed some 20 experiments which he said proved the phenomenon.

the Tass news agency reports. It said Dr Runar Kuzmin, of

WORLD TRADE NEWS

Lesotho: looks to \$2bn dam for economic lift

Peter Montagnon reports on a project for which South Africa is the sole customer

RAISING \$1bn in foreign loans would be enough of a headache for any developing country intoday's difficult markets. For the tiny African state of Lesotho, ao poor that it-depends almost entirely on-concessional aid, it is a major

d is shot

Binn cod

concessional and, it is a major challenge.
Yet the Lesotho Highlands Davelopment Authority (LHDA) is preparing to raise credits of up to this amount as part of the financing for its ambitious development scheme under which it will eventually supply water at a rate of 70 cubic metres a second to the Vaal triangle industrial area.

Vaal triangle industrial area, south of Johannesburg in neighbouring South Africa.

Much of the money will come from the World Bank and official export credit agencies, but there will also be a large dose of commercial bank finance. Raising if has been complicated by the involvement of South Africa as backer of the scheme and its sole for. of the scheme and its sole for-

eign customer.
The scheme involves the construction of a 180m-high dam at Katse on the Malibamatso River, the largest such dam built anywhere in the world for more than two decades. When it is completed in 1996 at a total estimated cost of some \$2bn, water from the Sengu river system which at Atlantic will be diverted north in a series of tunnels down through the mountains into South Africa's Ash river. The project has been under consideration for some 30

years, but only now has it begun to take shape. In the hope of a slice of the action, contractors from such far away places as Turkey and Taiwan are lining up with their South African and European compettors to register for bids by the cut-off date next month. All have been told financing arrangements will be crucial to the award of the work. For Standard Chartered Mer-chant Bank retained by LHDA

as financial advisers to the scheme there is a particular challenge. It has to persuade potential lenders to stump up long term funds for a project whose sole customer will be South Africa, a country with serious debt problems of its own and shunned for political reasons by the international

financial community.

To skirt the problem it has devised a complex financing structure under which the World Bank will rank on an equal footing with other off-shore lenders. Essentially there will be four separate sources of funds for the project. The World Bank itself has offered \$50m but hopes are it will eventually lend up to \$100m; present flows southeastwards eventually lend up to \$100m; out of Lesotho towards the on present estimates export

credit agencies should put up some \$275m with additional funds coming from national aid donors - even South Korea and donors - even South Korea and Taiwan are to be asked to con-sider aid finance later this spring. The balance will be met with offshore commercial bank finance and loans in rand raised through South African banks with a Pretoria government guarantee.

Under a treaty signed in 1986. South Africa has assumed responsibility for the costs of water transfer

How these two last compo-nents will be split will depend heavily on who wins the final contract. The water supply scheme is a labour intensive project which will carry a large amount of local costs. Lesoth-o's currency, the Loti, is fully backed by the Rand to which it stands on a par. Especially if most of the sup-

pliers are South African it would make sense for the bulk of the financing to be in rand. Yet LHDA is determined to raise a large portion of the local costs in offshore currencies, not least because even

so-called "local costs" will place an indirect burden on the rand area balance of payments. Machinery has to be purchased by local suppliers and fuel has to be imported to run it.

to be imported to run it.

Under a treaty signed between South Africa and Lesotho in 1986, South Africa has assumed responsibility for the costs, including debt service in any currency, of that part of the project relating to water transfer. Lesotho will bear responsibility for an associated hydroelectric power scheme to be financed mostly with aid money and will end its almost total dependency on South Africa for power snpplies.

plies.
For lenders this means that the risk carries a basic South African flavour even though it is actually the LHDA which is

is actually the LHDA which is raising the money.

To distance the financing from both the economic and political problems connected with South African loans, a trust fund is to be established in the UK. This fund will receive debt service payments from South Africa and channel them on a part passu basis to all lenders.

One result will be to free

One result will be to free lenders of any direct commer-cial relationship with South Africa. The US government, normally very strict in this regard, has indicated it is a structure which will allow the

project to be considered for both Eximbank credits and aid. All creditors will also be All creditors will also be treated equally by the fund. South Africa, which already has a treaty obligation to make debt service payments available, will antomatically fall fonl of both export credit agency lenders and the World Bank if it falls into arrears.

Despite its debt problem, it has always serviced export credit agency debt on time. credit agency debt on time. Though it is not itself a bor-

rower from the World Bank it is a member of that organisa-tion and is unlikely to want to incur the opprobrium that a default would bring.

The signs are that this structure has proved adequate to generate soma real intarest from commercial banks whose

participation is vital.

LHDA has baan able to appoint a number of "preferred banks" to study the project: Banque Nationale de Paris and Banque Indosuez in France, Dresdner Bank in Germany and Hill Samuel in the UK Soon it will also nominate a bank to advise a strong contingent of Italian bidders, though this will not be an Italian insti-

There will always be some who regard the whole scheme as a backdoor way of allowing South Africa to regain access to world capital markets. But the project'a promoters say it



will bring significant benefits to Lesotho too. Water is one of its only sources. It will be able for the first time to turn it into cash in the form of a regular flow of more than \$60m equivalent a year in royalty payments from South Africa. Then there is the additional

economic growth that such a large project will generate. And finally it will no longer be hostage to the whims of Pre-toria's Electricity Supply Com-mission for its electricity sup-plies.

British exports to South Africa up 13% last year BRITAIN'S exports to Sonth

Africa increased by 18.3 per cent in 1988 while sales to Nigeria fell 18.9 per cent, according to the annual report of the London Chamber of Commerce's Tropical Africa section. section.
The two countries are

Britain's largest trading partners in Africa. UK exports to South Africa reached £1.075bn last year, but sales to Nigeris dropped to £390m, the lowest for more than 10 years.

The report makes no com-ment on Britain's trading relationship with South Africa.
But the figures suggest businessmen are responding to the British Government's advocacy of more trade with Pretoria. Excluding South Africa, Britain had an "indifferent trading year" with the 44 sub-Saharan countries, saya Mr Kenneth Ward, chairman of the Tropical Africa Committee.

"The UK still appears not to be exploiting the African econ-omies which are on the mend," writes Mr Ward in the preface. "The value of two-way visible trade increased by an insignificant £117m or just 2.75 per cent, which probably represents a reduction in real, or volume terms."
He notes that while UK exports to 16 African countries increased in 1998, they declined in 26, including Ghana (down 8.7 per cent) and Mauritius (down 13.1 per cent), where

economies are growing.
UK exporters made progress or exporters made progress in some Francophone states – Senegal (up 24.4 per cent), Ivory Coast (up 16.4 per cent) – but "overall, this is not a picture from which much satis-

faction can be gained."

• BIAO-Afribank of France has agreed to assist the financing of US exports through its

ing of US exports through its network of subsidiaries and affiliate banks in 18 African Countries, Nancy Dunne reports from Washington.

Under an agreement with the US Export-Import Bank, BlAO-Afribank may make fixed-interest, medium-term loans worth more than \$200,0000 to finance sales of US source to the same of US manufactured equipment and services. The French institution may also use Eximbank guarantees to cover fixed or floating-rate loans in US dollars or Exemple france. lars or French francs.

THE COUNCIL of the General Agreement on Tariffs and approved plans to start regular reviews of countries' trade poli-cies and endorsed improve-ments to Gatt's dispute settle

The European Community immediately claimed that, if the revised dispute procedure meant anything, the council. had to adopt an important panel ruling against the US for discriminating against foreign companies when handling

patent infringement cases. However, the US blocked council approval for the third time running, even though the EC request was strongly sup-ported by 16 other countries. Washington has argued the panel findings have wide rang-ing consequences for other

countries trade policies.

The EC said festerday the findings were strictly limited to the application of section 337 cases. US failure to endorse the this year. panel report could have nega-tive repercussions on Gatt's Uruguay Round where protection for intellectual property rights is an issue of contention between industrialised and

developing countries. Canada also clashed with the

US. First, it complained that Washington was planning Gatt-breaching action, to hasten Canada's compliance with a ruling against a ban on exports of Canadian salmon and herring to the US. Second, it followed the EC in asking Gatt permission to retaliate against the US, because of Washington's failure to comply with a ruling that the US. "Superfund" oil levy discrimi-

ing system agreed by trade ministers at their mid-term review of the Uruguay Round in Montreal in December, but put "on hold" until the farm trade reform row was settled. Time limits are being intro-duced to Gatt's dispute settle-ment process. The new rules apply only to complaints sub-mitted after May 1 this year.

intervals and the others every sixth year. Meetings of Gatt ministers will be held at least once every two years.

Gatt to start regular trade policy reviews

By William Dullforce in Geneva

nates against imports.

The Gatt council yesterday put its stamp on measures to reinforce the multilateral trad-Gatt will start its trade pol-

The US, EC, Japan and Can-ada will be subject to review every two years, the 16 next biggest traders at four-year

Nicaragua agrees deal for Soviet airliners

AERONICA, the national according to Mr Julio Rocha, Nicaraguan airline, is shortly. Aeronica's general manager, to take delivery of a TU-154 negotiations are underway to Soviet jet airliner, and two open a new route to Canada. AN-32 turboprop transports in a deal worth Roubles 33m (£31m), Tim Coone reports from in Managua.

The jet aircraft will be used

to improve services on Aeronica's international rontes to Panama, Mexico and Guatemala while the turboprops will be used on internal routes. Aeronica presently uses two Boeing 727s, for its interna-tional flights and World War II vintage C-46 and C-47s and one Casa Aviocar for local services. The US trade embargo on Nicaragua prevents Aerenica from flying to the US, but

• The East German state airline Interflug will start flying two Airbus A310 passenger jets on routes to Havana, Peking and Singapore from July, reports the official ADN news agency. East Germany agreed last

July to lease three Airbus air-iners made by a consortium of French, West German, British and Spanish companies.
The Interflug aircraft will be able to carry 208 passengers and have a range of 9,760 km. ADN did not say when the third Airbus would be brought

Palestinian farm exports to EC run into problems

By Hugh Carnegy in Jerusalem

THE KIRST season of direct nowhere near the 16,000 tonnes farm produce exports from the which Gazan producers originately contracted to ship between December and April.

Problems included delays at pointingly short of targets set last year, but EC officials and producers say they will perse.

After a long diplomatic bat-tle with a reluctant Israel to win direct expert rights for the Palestinians, the EC was dis-mayed when the first two shipmayed when the first two ship-ments in December, of 1,100 tonnes of grapefruit from Gaza and 40 tonnes of aubergines and peppers from the West Bank, ran into a series of prob-lems which left exporters angry and out of pocket. Subsequently, two loads of Valancia oranges totalling 1,250 tonnes from Gaza were shipped to Rotterdam and nearly 50 tonnes of aubergines and nearly 50 tonnes of aubergines and nearly 50 tonnes of aubergines

and peppers went to France from the West Bank. EC offi-cials said these were sold suc-

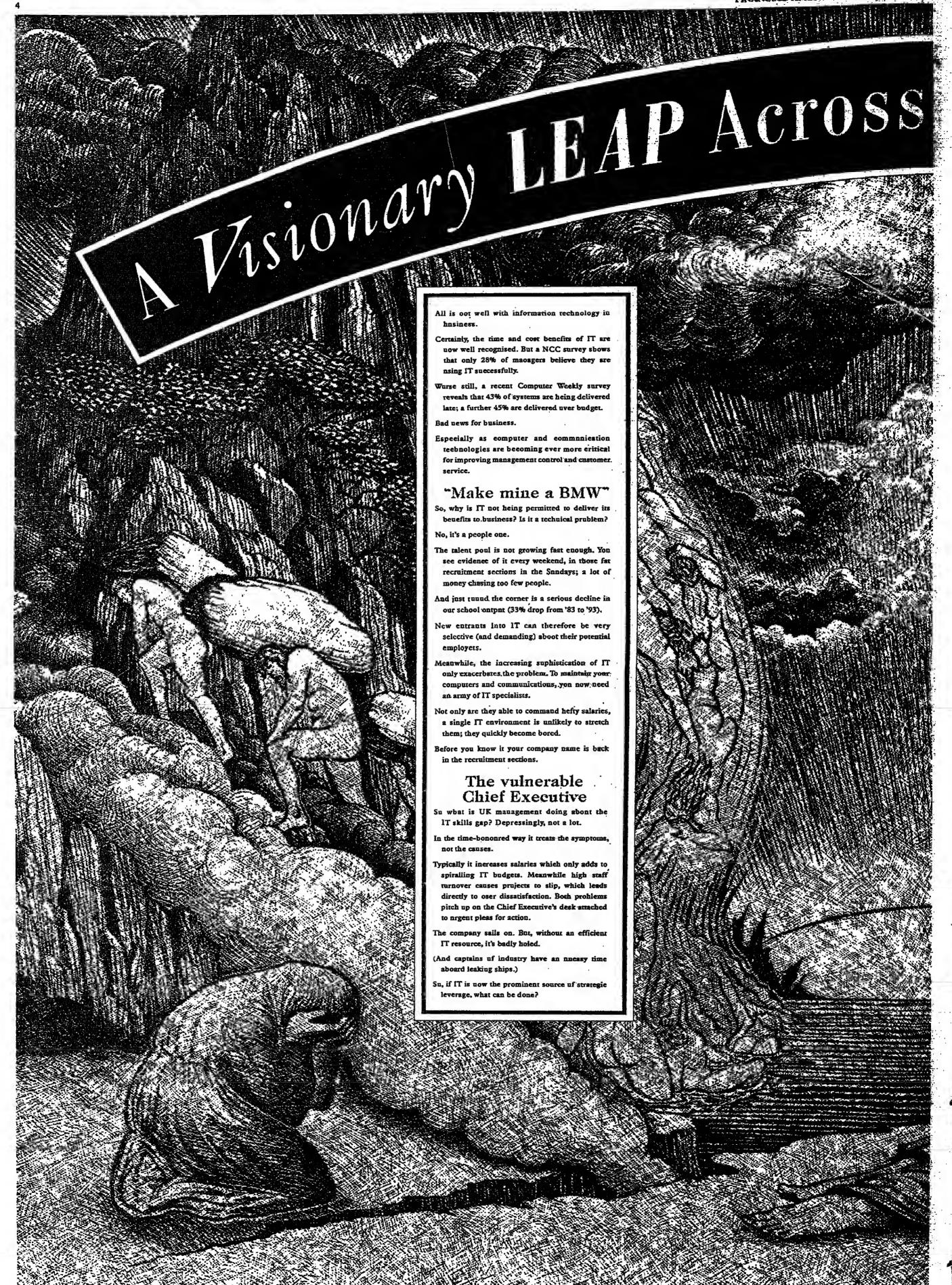
cessfully at good prices. However, the amount reaching European markets was

Israeli ports, spoiling of pro-duce en route and disputes Shawa, chairman of the Gaza Citrus Producers Union, said two shipments of oranges had to be cancelled after preparation was disrupted by lengthy curfews during the Palestinian uprising. Frost damage had also been a factor. He said one further shipment of oranges might be possible this season. The difficulties at the destination seem to have been

The difficulties at the destination seem to have been smoothed. Mr Shawa said producers had lost money on the December grapefruit shipment after a row with the wholesaler, but had received payment for the two subsequent orange loads, albeit after some delay in one case. It was a difficult beginning, but wa hope next season will go better." Mr Shawa said:

for £25 and give the children a donation of just £25 (for European We'll offer you a free 'companion destinations) or £50 (for International ticket' for a partner to any British destinations) to receive your second Airways destination out of Gatwick North if you'll help to taise £1 million ticket. It could be just the break your for Save The Children. partner needs. It's certainly a break Simply book one full fare return the children need. For full details, ticket before 12th May for talk to your travel agent any flight up to the end today or telephone British Airways on 01-897 4000. of August and make a Save the Children **BRITISH AIRWAYS**





Voters and analysts

Takeshita shifts Recruit spotlight on to Nakasone

MR Noboru Takeshita, the Japanese Prime Minister, yesterday shifted the Recruit scandal spotlight on to Mr Yasuhiro Nakasone, the former prime minister, in a dramatic parliamentary manoeuvre.

But the move is unlikely to quell suspicion about the beleaguered Mr Takeshita's own role in the affair, which has wreaked havoc in Japanese politics since last summer

On Tuesday, the focus had been oo Mr Takeshita as he submitted himself to a grueiling cross-examination before the Diet over Y151m (£670,000) in donations he had received from Recruit, the company at the ceotre of the scandal.

But yesterday, at Mr Takeshita's behest, the ruling Liberal Democratic Party resumed discussion of the 1989 budget bill, in defiance of a boycott of the

debate by opposition parties.

This flew in the face of a convention under which the ruling party conducts business in the Diet (parliament) in co-operation with the opposition. The opposition has been boycotting debate over the hudget to try to force Mr Nakasone to give evidence about his

involvement in the scandal. Mr Takeshita's move dramatised the position of Mr Nakasone, who is refusing to appear before the Diet, defying sections of the LDP as well as the

As Mr Takeshita doubtless intended, the contrast between his own appearance before the

By George Graham in Paris

FRANCE yesterday staged a

hasty diplomatic retreat over Lebanon, amid mounting criti-

cism of its improvised attempt to assist the country's Christian population.

As a French envoy continued

efforts in Beirut to arrange for the docking of two French ships carrying fuel and medical supplies, the Government sought to defuse controversy over its latest intervention in

President François Mitter-

rand said that he supported the peace efforts of the Arah

League, adding that the aid France had sent was not des-

tined only for one side in the

the friend of all the Lebanese,

whatever their faith, whatever their community," Mr Mitter-

an attempt to undo the diplo-matic damage caused hy

France's confused response to Lebanon.

France is and wants to be

the Lebanese crisis.

Lebanese conflict.

Chinese premier Li Peng, at the start of a five-day visit to Japan yesterday, called for more Japanese investment in China during talks with Prime Minister Mr Noboru Takeshita,

Reuter reports from Tokyo. Foreign Ministry officials said Li's priority was an increase in the transfer of Japanese investment and technology, although he did not mention specific projects.

greater.
Speaking before the Budget committee of the Diet's lower house, a junior LDP member said: "Mr Takeshita gave clear answers with dignity. Mr. Nakasone must come forward." However, Mr Nakasone's

own faction cootinues to stand by him. Members agreed at a meeting yesterday that the for-mer prime minister should not give evidence at least until a public prosecutor investigating the affair has completed his

The scandal concerns financial support given by Recruit, a business information company, to leading politicians and others in public life. An investiga-tion by the public prosecutor, which has led to 13 arrests, has focused on the sale by Recruit of cut-price shares in Recruit

Cosmos, a subsidiary. Mr Nakasone is under particularly heavy suspicion because he was a leading beneficiary of Recruit's favours in 1986-87,

France beats hasty retreat over

intervention in Lebanese crisis

the recent fighting in Beirut.

Last week, in response to domestic pressure, Mr Mitter-rand expressed support for Lebanon's Christians in their battle with Syrian-backed Mos-

Those remarke angered Syria and apparently embar-rassed his own Foreign Minis-

The Government is also try-

ing to distance itself from statements attacking Syria by

Mr Jean-Francois Deniau, an

opposition member of parlia-ment who travelled to Beirut

as an official envoy last week. On his return Mr Deniau

expressed ontspoken support for General Michel Aoun, the

Christian military leader who

is one of Lebanon's two rival

Mr Roland Dumas, the For-

Eign minister, has dropped a

prime ministers.

The statement amounted to French proposal for an emer-natic damage caused hy Nations Security Council on

lem forces.

The prosecutor is investigating claims that Mr Nakasone helped Recruit expand its business into telecommunications by promoting its links with Nippon Telegraph & Tele-phone, which was then wholly

state-owned.
Political analysts said that
Mr Takeshita's Budget debate
move would probably help him restore some authority over his party in the short term. But it could easily rebound if fresh allegations against him sur-

The LDP has forced through a hill despite an opposition boycott once before during the scandal - a controversial tax reform at the end of last year. reform at the end of last year.
Earlier this year, jointly with
the opposition, it passed a temporary 50-day indget for the
year beginning April 1 in order
to give more time for the opposition to put pressure on Mr
Nakasone. But Mr Takeshita
clearly decided that government business had drifted for
too long and this week's opportonity to take charge of events tunity to take charge of events was too good to miss, despite

the risks.

The ruling party has to get the hudget bill through the committee by April 21 if it is to become law in time to avoid the need for a second tempo-

rary bili.

A second stop-gap budget would be undesirable because it would be strong evidence that the government had lost the ability to govern and fur-ther damage the party's stand-ing in the opinion polls.

This had been coolly

received hy most of France's

Western allies, many of which have been astonished by the ineptitude of French diplomacy

in the past week. Other West-ern countries have refrained

from taking sides in the conflict, preferring to voice sup-port for Arab League media-

Meanwhile, the two French

aid ships remained near Cyprus, instead of continuing

to the Christian-controlled port

of Jounieb ae originally

Mr Selim al-Hoss, Lebanon's

far refused to accept the aid. He has enggested that the ships dock instead at the Mos-

lem-controlled port of Tripoli. But it appeared increasingly

possible yesterday that the two

vessels might have to beat a humiliating retreat.



Anstralian troops at the Namibia-Angola border prepare to receive Swapo guerrilla. None has yet turned up at a UN reception point for transportation into Angola

Nujoma tells men to enter Angola By Our Foreign staff

MR Sam Nujoma, leader of the South West Africa People's Organisation, yesterday began hroadcasting appeals to his fighters to return to neighbour-ing Angola, but made no men-tion of the nine UN-adminis-

tered border points.
Yesterday disputes contin-ued over the terms of last Sunday's ceasefire agreement, and by last night none of the Swapo guerrillas who have heen fighting South African forces in northern Namihia had responded to calls to gather at the designated

assembly points.

Up to 1,700 Swapo guerrillas, members of a 2,000-strong force which crossed from Angola into Namibia on April 1 in defi-

Investors

ance of the peace plan for the territory, are supposed to report to the points. They would then be transported to camps at least 90 miles inside Angola. More than 260 guerril-las and 27 security force mem-bers were killed during fight-

bers were killed during fighting this month.

Swapo officials yesterday responded angrily to a statement on Tuesday by Mr Louis Plenaar, the South African administrator-general of Namibia, in which he said that UN officials had agreed members. officials had agreed members of the territory's police force would interrogate guerrillas reporting to the assembly points.

They would be asked about the deployment of other insur-

gents and the whereabouts of ossible arms caches. UN officials denied the agreement. Western diplomats in Namibia condemned the interrogation plan as a viola-tion of the spirit of the ceasefire agreement. The UN has also been critic-

ised for establishing the points close to South African bases. A Swapo official in the Angolan capital of Luanda said: "No one is going to turn up at the assembly points under these conditions." The official also accused South Africa of Jamming Mr Nujoma's broadcast. Mr Martti Ahtisaari, the UN representative in Namibia, was

expected to meet Mr Plenaar for talks yesterday.

Hong Kong securities make tracks watchdog is approved By Michael Marray in Hong Kong-

HONG KONG'S Securities and

Futures Commission (SFC), the new watchdog body for the local securities industry, will start up on May 1, following yesterday's passage of the SFC Bill through the colony's Legislative Council, which was accompanied by calls to avoid over-regulation.

over-regulation.
"In putting together this bill we have been acutely conscious of the need to avoid over-regulation, which would stille the vigour and innovation of our markets," said Mr Piers Jacobs, the Financial Secretary, adding that its passage was "a significant step forward. in the further development of a

in Hong Kong."

The watchdog, to be chaired by Mr Robert Owen, a former chief executive of Lloyds Merchant Bank, is charged with the task of encouraging self regulation, and the relation-ship between the SFC and the Stock Exchange will be crucial to the success of the new

arrangements. Mr Francis Yuen, chief exec-

said vesterday that acceptable regulatory standards had to be balanced against retaining the entrepreneurial features of the

"The question of whether or not we will have over-regula-tion, and the concern that the SFC will build up an unnecessarily large bureaucracy which would encourage nit-picking cannot be answered until the SFC is fully operational," he-

The creation of the SFC is designed to help reassure the international investment community about the integrity of local markets, following the er 1987 market ch and the subsequent arrest of exchange officials on corrup-

tion charges. Trading on the Hong Kong stock market has recently been singgish, but the first quarter of 1989 saw heavy turnover and substantial buying from over-seas, seen locally as proof that international institutions have taken note of the clean-up which has taken place since

alike view budget With Suspicion AUSTRALIA'S Labor Australia government last night set about selling a vete-catching package of tax cuts and pay rises with all its customary [ambovance | Australia | Common | Australia's budget has met criticism

rises with all its customary flamboyance.

Ministers billed the tax cuts and higher social security payouts as the biggest in the country's history, and the plan to link pay rises with work practice reforms as the most far-reaching overhaul of the labour market since the turn of the century.

the century.
But they had to confront strong criticism from the opposition, employers and economic analysts, and suspicion from a long-suffering electorate, where confidence about the economy is at a new low and

where confidence about the economy is at a new low and cynicism about politicians remains high.

The main points are:

Tax cuts of A\$4.9hn (£2.3hn), reducing all marginal rates from July. The lowest marginal rate of tax will be cut from 24 to 71 cents in the dollar, and to 21 cents in the dollar, and will apply to incomes of up to A\$17,650.

A lower rate of 29 per cent will cover incomes up to \$20,600, and of 39 per cent up to A\$35,000. Above this a new top rate of 47 per cent (down from 49 per cent) will be phased in by January 1990.

A separate A\$710m social security package, covering from the allowances and pendon.

family allowances and pension benefits, which will lift dispos-able incomes further. About A\$350m will come from reduc-tions in funding for Australia's state governments, the other helf through federal spending cuts, notably in health and

defence.

A promise by the federal government to run a hudget surplus in 1989-90 "at least equal" to the A55,50n originally projected for the current year, leaving scope for further tax cuts in future. Mr Paul Keating, the Treasurer, said the public sector borrowing requirement would again be requirement would again be

"no greater than zero."

Ounder the government's latest "accord" with the trade unions, earnings in 1989-90 are to be held to 6.5 per cent. But to be paid, these rises must be accompanied by renegotiated agreements on wages and conditions which produce a more flexible, productive and high-

ditions which produce a more flexible, productive and highly-trained workforce.

Details of this "award restructuring" will be determined through the Industrial Relations Commission, the country's central wage-fixing body. Significantly, everything appears to be up for negotiation and, crucially, the rises themselves will be contained by phasing in over more than a

• Other structural reforms, to be announced next month including belated changes to ports and coastal shipping.
Unfortunately, Mr Keating ignored the opportunity to give balance of payments or infla six years of pay curbs

from economists and cynicism from electors, reports -

Chris Sherwell

tion forecasts for the current year, insisting only that his tight fiscal and monstary poli-cies were taking effect.

But he reaffirmed the gov-ernment's "unequivocal" com-mitment to achieve a lasting turnround in the "unsustaina-tivity light current account and external debt imbalances.

Overall, the package means an Australian wage-earner on average earnings of around A\$460 per week with a depan-A\$460 per week with a dependent spottse and two children will receive an extra A\$24 through tax cuts and can look forward to another A\$30 if he

agrees quickly to changed One major question is whether the surging economy, where domestic demand expan-ded by 8 per cent in 1988 and is driving the current account deficit to a record A\$15bn or more, can now tolerate such a

more, can now tolerate such a stimulus.

According to Mr Keating, the impact on domestic demand will not occur immediately, will not all impact on consumption or imports, and will take place in the context of a slowing economy. Most hope he is right, but they also wonder increasingly about his der increasingly about his

judgment.
The other major question is whether the pay rises will blunt Australia's international competitiveness, especially as employers will never secure fully offsetting productivity gains for the rises. In Mr Keating's view, the

past six years of wage restraint under the accord must now be rewarded, and the alternative of a free-for all in the current tight labour market would be a wages explosion, inflation and recession. On that key ques-tion, opinion is mixed.



India declines to turn to IMF

INDIA will cootinue to make substantial commercial bor-rowings on the world's capital markets this year rather than take a loan from the Interna-tional Monetary Fund to tide it over its severe balance of pay-

ments problems.

Mr S.B. Chavan, India's
Finance Minister, said yesterday he did not think a loan
from the IMF would he required this year. But Mr Cbavan, on his

return to New Delhi from the annual meetings of the World Bank and the IMF in Washington, kept open the question of taking an IMF loan next year, wheo he said the decision

It is widely believed that the Government is postponing seeking IMF assistance as it would be politically embarrassing with general elections due to be held by the end of this

Hence the decision to resort to a high level of commercial borrowings which, Mr Chavan indicated, would remain at about Rs 30bn in 1989-90, the same as in the previous year. This is considered high for India as commercial leave will India as commercial loans will add to its repayment problems. Commercial horrowings in 1987-88 are estimated at about Rs 25bn, ahout 25 per cent up on the previous year.
India's current account defi-

cit has widened significantly, mainly because of a rising trade gap and repayments of foreign debt and interest, which account for over 24 per cent of export earnings.

This has led to a sharp fall in

foreign exchange reserves to below Rs 50bn (£1.9bn), worth less than three months of imports, a dangerous level. Mr Chavan admitted that concessional loans would not increase this year and that India's share of soft loans from the International Development Association, the World Bank affiliate, would fall to around 15 per cent of its disbursements, against 40 per cent a

for Taiwan FOREIGN interest in investment in Taiwan, particu-larly from Europe, has picked up sharply after slumping in

1988 because of a soaring currency, wage increases and labour militancy, the govern-ment's investment Commission said yesterday, Reuter reports from Talpei. Foreign investment approv-

als jumped 156 per cent to about \$477m in the first three months of 1989 from \$186m a year earlier, commission spokesman Wang Chih-kang

Europe led other foreign investment with a big increase to \$163m between January and March 1989 from \$2.4m a year earlier. Investment from Hong Kong rose 73 per cent to \$38m from \$22m. Investment from the US

climbed 39 per cent to \$43m from \$31m while Japanese investment rose 15 per cent to \$98m from \$85m during the same periods, according to the commission. In 1988, Taiwan only

attracted foreign investment of \$1.18hn, down about 20 per cent from a record \$1.42bn in

Wang said a 40 per cent appreciation in the Taiwan dollar between 1986 and 1987, ris-ing wages, labour militancy and anti-pollution protests had scared some foreign investors.
"But they are returning to Taiwan because we are still one of the best places for investment," he said.

Taiwan has an edge over south-east Asian countries in terms of skilled labour, efficiency, good infrastructure and economic stability, he said. Most foreign investment was channelled into the service sector, chemicals, machinery and computers rather than conven-tional labour-intensive indus-

utive of the Stock Exchange, Fiji's premier to retire

Fili's interim Prime Minister Ratn Sir Kamisese Mara, revered as the elder statesman of the South Pacific, said yesterday be would retire in December when his term of office ends, agencies report from Sava.
His announcement to a meet-

ing of government department heads appeared to end speculation that he might extend his leadership of the interim administration formed after two military coups in 1987, political observers said. Sir Kamisese, 68, was prime minister of the racially divided held next year.

country from independence from Britain in 1970 until his 1987 election defeat by Dr Tim-oci Bavadra's Indian-majority

Dr Bavadra's government was ousted in the first coup five weeks later, led by then Lt-Col Sitiveni Rabuka.

The prime minister has suffered health problems in recent months, visiting Sydney for specialist medical treatment The prime minister has no deputy and political observers said there is no obvious succes-

Arab leaders seek to counter Shamir plan By Lamis Andoni in Amman .

The three Arab leaders want to counter the proposals made in Washington by Mr. Yitzhak Shamir, the Israeli Prime Min-ister, who auggested elections in the Israeli-occupied territories as an interim etep towards a Middle East peace settle-

Although the three have responded in different tones to Mr Shamir's proposals, they all want to persuade the US to put its weight behind the idea of its weight behind the idea of an international conference to resolve the Arab-Israeli conflict. They have criticised Mr Shamir's election plan as a tactic to deflect US and international attention from what they see as the main issues; the Israeli occupation of the West Bank and Gaza and their belief that Israel should exchange land for peace.

belief that Israel should exchange land for peace.
King Hussein, Mr Mubarak and Mr Arafat seem to be particularly wary of implied Israeli demands that the Palestinian uprising should be halted before any elections in the trustreties and they are the territories, and they are concerned by official American support, however cautions, for Mr Shamir's plans,

Arab states believe that Mr Shamir's ideas could allow Israel to escape an international conference and shrug off demands that it talk directly to the PLO and withdraw from the territories it overran dur-

ing the 1987 war.

The PLO leadership, which officially rejected the Israeli proposal, is deeply concerned that Israel is seeking to drive a wedge between the PLO. wedge between the PLO in exile and Palestinians inside the West Bank and Gaza Strip, in order to force the inhabitants of the territories to end

their uprising. Furthermore the PLO is still

PRESIDENT Hosni Mubarak of Egypt and Mr Yassir Arafat, the leader of the Palestine Liberation Organisation, are converging on Jordan in an attempt to co-ordinate policy before King Hussein's visit to Washington next week.

The three Arab leaders want. expelled or removed from their posts by the Israell authorities or maimed in attacks by Jew-

ish extremists.

But the major concern for the Arab side remaine Mr Shamir's refusal to regard the West Bank and Gaza as occuwest sank and Gaza as occu-pied territories or to adhere explicitly to UN Security Coun-cil Resolution 242. The resolu-tion called for an Israeli withdrawal from territories occupied in 1967 and for all states in the region to be allowed to live in peace. Last November, in a major shift of shift of strategy, the PLO accepted the resolution. "Any Israeli proposal which does not include the implementation." tation of 242 as a basis for a settlement will be lacking in credibility and is unacceptable to us," says PLO executive

committee member Mr Mohammed Milhem, who have

self was elected to represent the West Bank town of Halboul

in 1976 but was deported by the Israelis four years later.

Egypt's President Mubarak:

Malaysia's rich mix to whet the business appetite

Wong Sulong reports on a country which is steadily easing the path for the foreign investor for a young engineer or accountant with two to three However, this is no longer

money in Malaysia, old investors tell you, now is the best time. The country has come out of its deep recession of 1985, with three consecutive years of good

growth. It has taken some hit-ter medicine, through falling liviog standards, high unemployment, hold government spending cuts, and has emerged with renewed competitiveness. The Malaysian ring-git has fallen more than 30 per cent in three years, but is stabilising.
The political situation is also

calming down, with the war-ring Malay factions returning to the fold of the ruling United Malays National Organisation. Whichever faction eventually succeeds Dr Mahathir Mohamad, the ailing Prime Minister, business is unlikely to suffer. Race relations, the most difficult part of managing this resource-rich country, have stabilised after the security



Malaysia

versial 1970-1990 New Economic Policy, Malaysia is well poised for take-off as a future newly industrialised country. Last year, private investment rose by 19 per cent to Ringgit 9.8bn (£2.1bn) and the foreign investor will find he is welcomed. English is the lan-guage of business here, and

widely spoken on the streets.

Malaysian bureancracy can crackdown of October 1987.

If its leading citizens, formbay-banded, but this is ing the national economic consultative council, can hammer which meant that 60,000 uniout an acceptable economic versity graduates are still out agenda to replace the controThere is now an appreciation that helping businessmen, for-eign or local, to make money is not something vulgar or

Hence, it is now much easier to secure approvals to set np a factory or an office. If you operate a manufacturing concern, getting five work permits for expatriate staff is no prob-lem - more if your case is judged reasonable. Access to relevant ministers

and top officials is good, although it can still be frustrating further down the line. Corruption exists, but is not generally seen as a serious problem. "It is difficult to be specific. A few investors say it's awful, others swear they have never paid a cent. But most find it tolerable," said a British business consultant. Depending on the type and location of the business the investor has a wide range of tax incentives, details of which are beld at all Malaysian embassies. Malaysian authorities would like the foreign investor to conform to the equity guidelines of the New Economic Policy, meaning be should take in a Malay partner.

compulsory - although it is not clear whether this concession will continue after 1990. Being resource-rich, Malay

sia welcomes proposals that add value to its produce. Agrohased industries, aquaculture and petrochemicals are priority projects, as are manufacturing for export as well as tourist-re-Start-up and operating costs

for businesses are competitive, although Malaysia is no longer a low-cost base, like Indonesia or Thailand. It still has considerable advantages, however. Industrial land is relatively cheap. Depending on the loca-tion, factory land is between 50 cents and Ringgite 10 per square foot. Many state gov-ernments have developed industrial factories for rent. Water and electricity supply is good and seldom hreaks down. Kusla Lumpur office and house rentals and hotel rates are probably the cheapest in the Far East, although they are beginning to firm up.

Labour costs have fallen substantially in recent years. You

probably have to pay between Ringgit 1,500 and 2,000 a month

years work experience. The same goes for a good secretary. Productivity is excellent and depends on how labour and production schedules are organised. Matshushita and Mattel enthuse about the productivity they get from their Malaysian workers. When managers from Mitsuhishi took managers from Mitsubishi took over Malaysia's troubled national car plant last year, productivity rose by more than

30 per cent, suggesting that Malaysian management may be more of a problem than the country's labour. Unions are not generally a problem — which is not preventing multinational electronic factories from being unnecessarily provocative in opposing the formation of in-house unions at their plants. During the past decade, tha country lost less than 20,000

Communications are good. The telephones work (most of the time). The country is served by a good network of airports.

work-daye a year through

are in reasonably good shape, although they are now under some strain after the recent vigorous trade growth — some-thing the authorities will have to address urgently. A \$2bn north-south highway is under construction. Once your business starts

making money, there is no restriction on repatriating the profits. Last year, foreign com-panies repatriated Ringgit3. 5bn in profits and dividends. Malaysia has a relatively

small domestic market with 17m people. But with per capita gross national product of \$2,900 and rising, purchasing power is reasonable. And as a bonus there is the affluent market of 2.5m Singaporeans across the causeway. In fact, many Malaysian businesses make full use of the island's sophisticated communications and financial services.

And to really whet the appe-tite of potential foreign inves-tors Malaysia has its food – multi-ethnic, like the country. Chinese, Malay and Indian, it erved by a good network of is very good and very cheap, inports.

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OVERSEAS NEWS

Trade hawks in dog-fight over the FSX

Stefan Wagstyl on the logic behind the rhetoric concerning the US-Japanese fighter

Instruments and at Westinghouse. Mitsnbishi's model has

wing requires very precise con-trol of the chemical reactions

Western military experts in Tokyo say a US company might also be able to apply the

technique to making whole wings but the development

costs would be high. Neither side is giving the

HE US and Japan have fought some hard battles in the past over technology. But they pale beside the fight over the planned joint development of the KSZ military alternative. the FSX military sircraft.
Under the terms of an agree

dialy

ment signed in the last few weeks of the Reagan Adminis tration, the two countries are to develop jointly a new fighter, based on the US F-16. But one of the first acts of President George Bush was to order e review of the project which is now dragging into its third month.

The arguments in Washington have ranged widely over political, economic and military relations between the two countries. But a key element of the dispute in the dispute is increasing doubts in the US over the wisdom of handing over to Japan American technology embod-

ied in the aircraft.

Trade hawks in Washington
believe that in transferring information to the Japanese aerospace industry the US may he sacrificing its commercial interests for the sake of its military alliance. In particular, they argue that US technology may help Japan build a commercial aircraft industry to rival America's.

rival America's.

The Pentagon, which stands:
by the deal, says this is not
true. So does Japan which is
getting increasing annoyed
about the new administration's
ettitude. "This has sown seeds
of distrust in the US-Japan
relationship," says one Western diplomat in Tokyo. Mr
Takaaki Yamada, executive
vice president of Mitsubishi
Heavy Industries, says Japan Heavy Industries, says Japan will have to be more careful in future about entering joint development projects

Under the terms of the agree-ment, the US promised to transfer to Japan the designs for the F-16 developed by Gen-eral Dynamics, a US military contracting company. For its part, Japan would make avail-able to the US all the modifies tions carried ont during the

This includes two especially valuable innovations - a miniaturised radar system and the ability to produce an entire wing out of just two pieces of carbon-fibre reinforced mate rial, which is both lighter and stronger than aluminium.

Japan will pay just \$480m to the US for F-16 technology which cost \$51m \$75m to develop. On the face of it, this seems a bargain, as the trade hawks argue. But Japanese industry executives answer that the technology in F46 is

Anamir [

	Grove	th in Aircraft	Production	
- 17()	Total Yen(bn)	Military(%)	domestic civilian(%)	export(%)
 1983 1984 1985	345.9 434.2 543.4	76 82	-11 a	- 13 10
1988 1987	505.1 540.5	85 83 80	a	8
1968	536.8	78	11	11

old, since the aircraft dates back to the late 1970s. General Dynamics has itself developed a more edvanced version which it is not going to share

which is not going to share with Japan.
Nevertheless, the F-15 technology does include valuable items, notably sophisticated computer codes — called source codes — which enable a pilot to control an aircraft through electronic rather than bederable instruments. Japan hydraulic instruments. Japan has its own version installed in has its own version installed in an experimental craft called the Control Configured Vehicle or CCV. But this is regarded by both US and Japanese military experts in Tokyo as being ministive in comparison with the flight and combat tested

Another crucial American contribution to the FSX will be engine technology. Japan is well behind the US and Europe in developing jet engines. The most powerful domestically-produced engine is one made by Ishikawajima-Harima Heavy Industries, with a manimum thrust of 3,680 pounds, against 25,000 pounds needed for a jet fighter. Japan will be free to choose between engines supplied by Pratt & Whitney and General Electric for the FSX. But it will not be allowed to play the two companies off against each other to win

increased access to technology.

Key parts of the engine will be supplied as black box items — that is, finished products and excluded from the co-de velopment programme. The same applies to some other of the most advanced components in the F-16, including source codes. US military experts in Tokyo say that in over 30 years of producing American mili-tary aircraft under licence, Japan has never broken open a black box and stolen technol-

ogy. The other side of the agree ment is the technology which will be transferred from Japan to the US. As the Japanese point out, this will be handed over free, with no restrictions on its application within the US to other projects, including commercial ones. The US Defence Department rates this

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other technology which it would otherwise find impossi-ble to develop. The Japanese have CCV, the US has a laborahighly, particularly the phased-array radar, developed by Mitsubishi Electric.

This is e radar capable of tracking several targets and simultaneously directing fire. US military experts in Tokyo say the only similar radar in the US small enough to be installed in a fighter is still in the laboratories at Texas Instruments and at Westingh-

have CCV. the US has a laboratory version of miniaturised phased-array radar. But the transfers will save both sides a great deal of time and money.

Japan estimates that the FSX will cost Y165bn (£73am) to develop. Even if this proves too low, as is widely expected, the development imaget will be a fraction of the cost of independent development. For example, Israeli's Lavi fighter was scrapped because it was too expensive after the equivalent of Y300bn was spent. The US's savings will be smaller. But the cost of developing composite-material wings alone has been put at several hundred million dollars.

However, the US trade

However, the US trade hawks say that the balance of advantage on the FSX project been test-flown over 60 times. In composite materials the Japanese lead is less dramatic. itself is only half the story. They claim that Japan will be profit from the deal by trans-ferring know-how to other The techniques, involving treating and baking a mixture of carbon fibres and resins, are familiar around the world. But fields, especially civil aeromaking anything as large as a

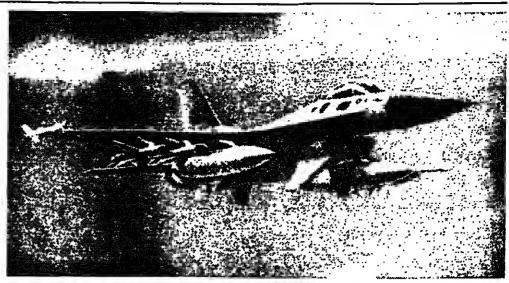
space.
The Pentagon denies this. So does Missubish's Mr Yamada who says military and civil aerospace design are completely different. He may be right with regard to direct technology transfers. But Japa-nese companies have in the past derived indirect benefits from applying military technology to civilian fields – Mitsu-hishi makes the MU-300 busi-ness jet on the F-15 production line, for example. Nevertheless, if such trans-fers posed e threat to US air-craft manufacturers, then Boe-ing and McDonnell Douglas

might be expected to be lead-ing the protests against the FSX. In fact they have thrown their weight behind the deal. The truth is that Japan already has a moderately-advanced aerospace industry. It has been held back from joining the US and Europe in the front-rank not just by a lack of technology but also by an awareness of the commercial risks of plunging into a high-cost market.

cost market.

Japan has produced aircraft from US designs since 1954, homing production engineering skills which are regarded as good as any in the world. Boeing, the world's largest aircraft-maker, buys parts from 200 Japanese companies, including Mitsubishi, which makes fuselage and wing sections. It is a commonulace in tions. It is a commonplace in the aircraft industry that F-15s built under licence in Jepan are more reliable than the same aircraft made in the US. Japanese companies heve

made no secret of their desire to make the leap from produc-ing civilian aircraft under licence to independent develop-ment. The Ministry for Interna-



An artist's impression of the US-Japanese FSX fighter aircraft

tional Trade and Industry said 20 years ago in an industrial policy document that aerospace would be e future pillar of the economy.

However, the ministry's ambitions have yet to be ful-filled. Japan independently developed a commercial air-craft in the 1960s, the 60-seater YS-11. But only 182 were sold.
MTI since 1977 has financed
the development of e STOL –
short take-off landing – and
completed test flights earlier
this year, but it will not be put into production mainly for lack of potential customers.

Mr Yamada says it takes a very long time for a newcomer to acquire anough credibility in the international market to make a commercial success of making civilian aircraft. So for at least enother 10-15 yeers, epan could not indeper edly develop a large jet, with

100-plus seats, he says.
It might be possible to huild a smaller aircraft, but only if there was sales potential for it. 'I don't think the time is right

As a result, Japanese companies are keen on expanding joint development pro-grammes. Three groups -Kawasaki Heevy Industries, Ishikawajima-Harima Heavy Industries and Fuji Heevy Industries – beloog to an international consortium to

build the V2500, an engine for 150-seater aircraft. Also, Japan is a minority partner in a project to huild a new Boeing, the 150-seater 7J7, and is separately looking for US and European companies to share the cost of developing a 75-sester. the YSX.

In each case, Jepan's present and future partners are aware of Japan's track-record in cap-turing world markets from Western companies. But so far this has oot prevented them from co-operating with Japanese companies out of fear of losing e technological leed. Financial logic has driven the West into joint ventures, as it should with the FSX.



If you hold fixed-interest National Savings Certificates which are more than five years old, they're probably earning interest at the General Extension Rate, which is now 5.01% pa tax-free. But thisisn't a guaranteed rate - it can vary from time to time.

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If you want to reinvest in 34th Issue, ask for the Savings Certificate Repayment/Reinvestment form (DNS 502MA) at your post office or bank. Fill in the form and apply for reinvestment. Then send it to the Savings Certificate Office, Durham, along with the certificates you wish to reinvest.

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SAVINGS CERTIFICATES





The B2 stealth bomber, which has greatly boosted Northrop's revenues, at the company's Californian headquarters

Northrop denies component fraud

By Lionel Barber in Washington

NORTHROP Corporation, the Los Angeles-based defeoce manufacturer, yesterday vigor-ously denied federal grand jury charges that it falsified tests on components used for ouclear-tipped Cruise missiles and

the naval Harrier jump jet. The grand jury iodictment includes a total of 167 fraud charges and other couots against Northrop, two current employees and three former company workers. Northrop faces a possible fine of more than \$30m in the case.

The indictment represents a damaging setback for the company which manufactures the B-2 stealth bomber and is hidding, with McDonnell Douglas, for the lucrative Advanced

Tactical Fighter project, to supersede the F-15 fighter. A rival coosortium — led hy Lockheed, General Dynamics

and Boeing — is also bidding for the project.

Northrop already faces charges in two other civil cases for alleged falsification of tests on the Cruise missile part, and on parts for the multi-warhead MX missile. Separately the Jus-tice Department is investigsting payments involving Northrop and South Korea during the company's attempts to sell S-20 fighters to Korea. The US Air Force and Navy

are reviewing whether they need to replace any of the weapoos involved in the grand jury investigation.

than two percentage points

higher than was suggested in

earlier surveys. Even so, it is more than double the expected

growth in the economy, hut well below the 10.1 per cent achieved in 1988.

In real terms the planned

increase is now put at 7.7 per cent for non-manufacturing,

led hy transportation, and 4.1

per cent for manufacturing.
Durable goods industries

plan an increase of only 3 per

cent, hot expansion in the paper and chemical industries

rables to 5.1 per cent.
AP-DJ reports: Prof Lawr-

ence Klein, the 1980 Nobel

prize-winner in economics, told a US Coogressional committee that he believes inflation rates

will probably increase in 1989, compared with 1988, hut said

this was not a cause for

"extreme concern at this time."

as raised the total for non-du-

The charges involvs the flight dats transmitter for the Cruise missile. They allege that two senior Northrop man-agers supplied transmitters that froze at temperatures between minus 40 and minus force contract required that the transmitters operate at temperatures as low as 65 degrees below zero, according

to the indictment.
Northrop called the charges
unwarranted yestsrday and said "the company strongly disputes any allegations of criminal behaviour by the division or these employees."

The criminal case could not have come at a worse time for the Defence Department, which is struggling to fend off proposed cuts in its hudget this year and to restore credibility year and to restore credibility to its procurement procedures. An unfolding Justice Department investigation into Department procurement procedures has implicated several major defence manufacturers in bid-rigging by trading on inside

rigging by trading on inside information about contracts.

Northrop is involved in several highly classified "black programmes," notably the stealth bomber project which has vastly increased the company's revenue over the last five years. Under the current budgetary constraints faced by budgetary constraints faced by the Bush administration, though, there is pressure to defer some of these projects.

US spending plans for plant rise sharply

By Anthony Harris in Washington

US BUSINESS spending plans for plant and equipment in 1989 have been revised upwards sharply since the last official survey in December, the Commerce Department

reported yesterday

The increase is now put at 9.1 per ceot, against 6 per cent in the December survey, with growth led by the transport sector. The current hoom is mainly in new aircraft. Nevertheless, the total is a surprising result amid signs that the US economy is slowing because of high interest rates.

Part of the increase is due to an expected 2.4 per cent increase in capital goods prices, which were virtually unchanged in 1988; and spending is expected to peak in the current quarter, and turn flat in the second half of the year. In real terms, the planned increase of 6.1 per cent is less

Venezuelan inflation up record 21% in March

pared with full-year increases of 35.5 per cent in 1988 and 40.3 zuela since the government of President Carlos Andrés Pérez removed controls on most prices, over the last two

commercial loans at 35 per cent, up from 12 to 13 per cent earlier in the year. Also, the government hae approved a new wave of fare increases for electric power, telephones and other public services. In some cases, new prices have reflected a recent devalu-

By Joe Mann in Caracas VENEZUELA'S GENERAL

price index rose by 21 per cent during March, according to the Central Bank, the highest monthly increase on record.

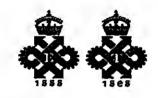
The bank reported that the key price index for the country the cost of living for the Caracas metropolitan area -rose by 25.3 per cent during the first quarter of this year, com-

Prices for goods and services have climbed steeply in Venemonths. For example, prices have risen by 50 to 100 per cent for many hasic foods and household items, cars and iorries, spare parts, domestic air fares, petrol and other items. The Central Bank last week

set maximum interest rates for

ation of the bolivar. In others, however, husinesses are believed to have raised prices excessively, drawing fire from the government, consumers and the press. Price gouging at the end of February hy owners of free-lance local transport and regular huses sparked riots that shook Venezuela for a week, leaving around 300 dead and thousands injured.

Students recently staged vio-lent protests to call for general price reductions, raising fears that widespread violence might



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FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

PRI shows its heavy hand in **Tabasco**

By Lucy Conger

THE ADMINISTRATION of THE ADMINISTRATION of Mexican President Carlos Salinas de Gorfarl has indicated that it intends to take a tough line against political opposition hy its heavy-handed appraoch to a local election in the southern

local election in the southern state of Tabasco last week. The affair can only increase donhis about Mr Salinas's campaign pledge to modernise Mexican politics by honduring opposition victories against the ruling Institutional Revo-lutionary Party (PR).

lutionary Party (PRI). Election officials blocked the verification of the ruling party's defeat in the vote for the local delegate from the township of Benito Juarez, a community of 8,000 Chontal Indians, to a municipal district council. When members of the fledgling opposition Party of the Democratic Revolution (PRD) occupied the electoral headquarters, the authorities' response was to drop tear gas

and send in riot police.

The trouble began when PRI election officials proposed suspending the voting when 400 supporters of the PRD, which

is led by Mr Cuauhtémoc Cár-denas, were waiting to vote. Confident of victory, PRD activists stayed overnight in the electoral headquarters, in a schoolhouse, to stop the officials from tampering with the ballot boxes. Late that night officials counted the votes 740 for the PRD to 507 for the

Reinctantly agreeing to ver-ify the outcome, the officials then failed to provide the seal required to formalise the victory. Next day, riot police stormed the schoolhouse, releasing the election officials and detaining ten residents. An angry mon then sacked the police station overturning furniture and hurning police

The next day, some 150 hel-meted police armed with machine guns, shotguns and tear gas launchers, stormed the town again, taking into custody another ten people nine of whom were later

released.

Officials publicised statements made by the detained PRD activists charging Mr Andres Manuel Lopez Ohrador, the party's leader in Tabasco, with inciting violence. Police later detained a PRD leader in Tepetitian, Mr Lopez Ohrador's hirthplace, last Tuesday, two days before municipal elections were to be held there. PRI municipal officials then postponed the hallot, which almost undoubtedly would

have been won hy the PRD. Late last week detained PRD supporters revoked their earlier declaration, saying that

they had been forced to sign them hy police beatings.

For their presumed role in the sacking of the police sta-tion the state has lodged for-mal charges against the ten detainees that include "terror-lsm, sedition and destruction of preparity" But PRD defence

ism, sedition and destruction of property." But PRD defence lawyers said that nine of the scused were already in police custody hefore the moh destroyed the police station.

This year, electoral officials of the PRI had annulled the results of halloting in the small towns of Tepetitan and San Fernando after the PRD had won municipal poets, Mr Lopez Obrador said.

The PRI seems worried about the increase in opposi-

about the increase in opposi-tion strength in the state, tra-ditionally one of its firmest strongholds. In last November's poll for the governorship Mr Lopez Obrador probably secured 35 per cent of the vote, butwas officially credited with only 20 per cent.
Opposition parties will chal-

Opposition parties will chal-lenge the PRI in municipal and state assembly elections in 14 states this year, further testing the administration's good faith.

The diplomatic ball falls into the Contra's court

Tim Coone, looks at the questions being asked about 2,000 missing persons in Nicaragua

HE rebounding ball of Central American diplo-macy has landed squarely in the court of the

As the US Government and Congress prepare to authorise a further \$45m to maintain the 11,000 strong Contra army intact for another year, in the Nicaraguan capital Managua, a signal is being awaited that the signal is being awared that the
Government's recent overtures
to the rebel leaders are not just
seeds of peace that have fallen
on stony ground.
A month ago, an event happened which just one year ago
would have seemed unthink-

able: 1,394 former members of the notorious Nicaraguan National Guard (GN) were

released from prison.
Senior members of the GN
who evaded capture in 1979
later formed the backbone of the Contra army organised by the CIA to fight the new San-dinista Government, and which has been since overtly funded by the US Congress. Those same leaders are now facing a possible collapse of their organisation, the Nicara-guan Resistance, under the growing momentum to put an end to the eight-year old war in

the country.
Recently a Nicaraguan delegation arrived in Honduras. where most of the Contras have been holed up for the past year, to discuss the whereabouts of some 2,000 missing

The delegation is comprised of representatives of the Nic-graguan National Assembly Human Rights Commission, a representative of the Catholic church, and a representative of the National Reconciliation

Commission.

The issue they are raising is a delicate, hut extremely important one. For the Contra leaders claim that all of their troops are voluntesrs; none have been obliged to fight against the Sandinista Government they say. None the less, the abduction of thousands of peasant farmers and their fam-ilies has been a standard years. Some have gone will-ingly, either hostile to, or disil-lusioned with the left-wing regime that came to power in 1979, Indoctrination, prolonged separation from families or outright terror have helped persuade many others that their lives and best interests are served by accepting their new circumstances - that of donning the US-supplied unithe prospects of peace however persuade them to declare their interest to return home to their families, he said that they were "subject to military discipline" and would not be well and truly lost.

Under the terms of the Central American presidential age youths that had been working as volunteer medical



The Contras: facing the move from war to peace

A package of aid for the Contras has been put on a fast track through both Houses of Congress, AP

reports from Washington. Both the Senate and the House of Representatives are expected to vote tomorrow on the \$49.7m package, after two House committees gave musually rapid approval

on Tuesday.

The package is designed to carry out a bipartisan agreement between President George Bush and Congress. Under the agreement amounced on March 24 at the White House, the money may be cut off if the rebels engage in human rights uses or in offensive mill-

The bill requires no new money, instead transferring the aid funds from various Defense Department

last February, by mid-May a means of demobilising, repa-triating or relocating the Con-tras, albeit voluntarily, has to be worked out. The Contra camps will have to be spened up, and the recruits exposed to the alternatives available to them. The Contra leadership and the US Government, are emphatic that the army must stay intact, as a means of con-tinuing to presente the Nicara-guan Government. The reality of a choice for the recruits, however, may make that an impossible task.

"Nobody is being held here against their will" said one senior Contra commander last month when interviewed in a Honduran hase camp last month. None the less, when told that three of four persons doctors wished to return to

assistants in the Nicaraguan mountains, and who had been abducted by Contra units in July last year. Two of the youths, Maris de Los Angeles Gonzalez and Diego Centeno, told the FT that they wished to leave, but were not allowed to. The US doctors came on a humanitarian mission trying to locate the youths on behalf of their families. A report on the visit by the two doctors, Dr Tim Takaro and Dr Susan

Cookson, stated "We suspect that many people are beld in a similar situation in the Contra camps."

The issue of the medical volumeers is becoming a test case for the new human rights policy that the Contrast are now endeavouring to project. Over \$700,000 has been sunk into the Nicaraman Association for Nicaraguan Association for Human Rights (NAHR) by the US Government over the past two years to act as a watchdog on the Contras and to allay Congressional fears over the

congressional lears over the end-use of the Contra funding. According to Dr Takaro, the head of the NAHR, Dr Maria Baltodeno, assured him that not only the three in question would be released shortly but others as well that were on a list of nine persons presented As diplomatic moves mount

to encourage a demobilisation of the Confras, one of the latest being a ministerial summit in Costa Rica, the fear of the Contra leadership is clearly that what might start as a trickle. might very rapidly turn into a

As if preparing for the inevi-table, a meeting in Guatemala this week, between leaders of the Nicaraguan political oppo-sition and leaders of the Con-tras produced a joint declara-tion annualization that they tion annomicing that they "accept the electoral chal-lenge" made by the Govern-ment, to hold general elections on February 25 1990. Their latest demand, however, is that Nicaraguans living abroad or in exile also be allowed to vote. The Government, however, is resisting such a change to the slectoral law, prscisely to encourage the exiles return.

Canada plans to tighten jobless benefits system

By David Owen in Toronto

THE Canadian government has unvelled proposals for an over-haul of the country's unemployment insurance system to enable it to allocate more funds to training programmes.

The plan, which is fiscally neutral, would tighten requirements needed to qualify for benefits, particularly in areas of low unemployment. The government hopes to imple-ment the changes next Jann-

In all, the proposals are expected to yield some C\$1.3bn (£646m) in eavings. Some (£546m) in eavings. Some (£8600m will be directed towards existing training schemes, with the remaining (£500m used to address equality and fairness problems with

the current system. The savings would he derived from tightening up in four main areas.

The minimum period of work required to qualify for benefits will be increased, with the stipulations steepest in

prosperous areas like southern Cotario.

The maximum duration of benefits will be reduced.

Penalties for those who voluntarily leave their jobs with. out cause will be raised.

The maximum fine for defrauding the programme will be quadrupled to C\$2,000 per cent by government.

Mr Michael Wilson, the Finance Minister, is expected to shift more of this burden on to the private sector as part of

Opposition MPs branded the plans "morally shameful" for effectively forcing the mem-

ployed to pay for training pro-grammes. The government, however, defended its position, maintaining that current Cana-dian minimum qualification requirements are among the least stringent in the world.

In 1988, the Canadian unemployment insurance system paid benefits of C\$10.85bn to some 3m claimants, with the programme financed 39 per cent by employers, 36 per cent by employees and 25 per cent

to the private sector as part of a stiff package of deficit reduc-tion measures in his fifth bud-

Bush review urges caution on Gorbachev

By Peter Riddell, US Editor in Washington

THE first, partial glimpse of the massive iceberg of the Bush administration's foreign policy reviews was revealed last weekend, and the verdict from some quarters was "sta-tus qoo plus." But that would be both premature and mis-

Only some of the recommendations of the inter-agency groups have heen unveiled, while President Bush and his key advisers have yet to make their decisions. Mr Bush's instincts are cer-

tainly cautious. The US president sees no need for dramatic moves, and there is irritation in Washington with Soviet complaints about the slow

progress of the reviews.

As Mr Brent Scowcroft, the president e national security adviser, has argued, the admin-istration believes that the West has won and Communism has failed. So there is no need for the US to be hurried, especially since Mr Scowcroft anticipates a period of some stability in

international relations because of Mr Gorbachev's need to concentrate on his country's mas-sive domestic problems.

Moreover, while the President's advisers have concluded that Mr Gorbachev is genuine in seeking to change the Soviet Union, they are much less con-vinced that Soviet interna-tional ambitions have changed. Hence the watchwords are prudence and caution. There is no Gorhy-mania in Washington. One report apparently recommends that US policy should not be designed either to help or hurt Gorbachev.

This means hedging hets, looking for the Soviets to match conciliatory words with actions, especially in regional conflicts like Central America. The US was annoyed about Mr Gorbachev's failure last week in Cuba to announce cuts in military aid to Nicaragua.

There have been no decisions yet how far to go in arms control talks and there is little apparent enthusiasm for retired General Andrew Goodpaster's suggestion of cuts of up to 50 per cent in US conven-tional arms in Europe.

Most interesting in the short-term is the US response to the rapid changes in Eastern to the rapid changes in Eastern Europe. Quite a stir was caused two weeks ago hy reports that the administration was studying proposals hy Mr Henry Kissinger, former Secretary of State, for a political settlement in Eastern Europe, recognising Soviet security concerns. There were European charges of "a second Yaita."

But the signs are that the review does not endorse the Kissinger plan and inetead favours differentiation between advanced countries like Poland and Hungary and the remain-

ing laggards,
Following last week's agreement between the Polish Government and Solidarity, the Bush administration is set to announce "various economic he visits Europe for the Neto incentives to help foster prog-

ress," such as trade credits. There is talk of a more sympathetic attitude to Polish debt rescheduling and support for limited involvement by the International Monetary Fund in Eastern Europe.

The State Department has also taken a distinctive line on deaths in Soviet Georgia, urging Moscow "to use

urging Moscow "to use restraint in dealing with those exercising their legitimate rights to peaceful political expression."

Overall, President Bush has appeared to be left belind in the propaganda battle with the Soviet Union. For all Mr Scow-Soviet Union. For all Mr Scow-croft's dismissive comments that the Soviet leader knows how to package things in an appealing way. Mr Gorbachev will have achieved more than public relations victories if he succeeds in further locating Alliance ties. President Bush will have to be much more explicit than he has been when explicit than he has been when

BUSINESS LAW

UK courts' timid approach to European Community law

n the face of the overconfident and extremely free interpretation of European Community law by the EC Commission and the European Court, the attitude adopted by the UK courts appears distinctly diffident and timid. tincty diffident and timid.
This contrasts with the attitude of German courts, which
provide Luxembourg judges
with more references than
courts of any other member
state, but jealously guard the
fundamental rights of German
nationals and residents, writes
A.H.Herman.

The French courts have a different solution to the problem: they see no need of asking the European Court for interpretation of Community laws and regulations, the meaning of which seems clear to them.

Two topical examples of the great variations in the interpretation of Community law are at hand. One is the opinion of Mr Advocate General Jean Mischo (1) in the eppeal of Hoechst AG, Dow Benelux N.V. Dow Chemical Iberica, Aludia S.A. and Empresa National del Petrol S.A. against a decision of the Commission ordering searches in the premises of the five companies and another decision imposing daily

The other example is provided in Lopdon by the judgments of the Divisional Court and of the Court of Appeal (2) concerning the British refusal to register foreign - mainly Spanish - trawlers as British fishing vessels, and preventing them from exploiting UK's fish-

ing quota.

The first example — a side show to investigations which led to 17 chemical companies being fined a total of Ecu 37m (£57m) — has its roots in an attempt by the Commission to stage a down raid on the Frankfurt heedquarters of Hoechst, one of the three big German chemical companies, to obtain evidence of a suspected polyethylene cartel This was prevented by an injunction obtained from the Frankfurt Regional Court on the grounds that a search without a court warrant would infringe the privacy of premises, guaranteed by the Fundamental Law of the Federal

(FCO), which the Commission went to for assistance, was rather put off by the Commis-sion's refusal to reveal its reasion's refusal to reveal its rea-sons for suspecting a cartel. Nevertheless, it applied for a search warrant in the Frank-furt Amisgericht but did not appeal when this was refused, fearing that without stating the grounds for suspicion, an appeal would be hopeless. The Commission then imposed on Hoechst a daily fine of Ecu-1,600 until the cumpany would open to it its doors and would open to it its doors and archives. This came to an end on April 2 1987, after the FCO obtained a search warrant in response to a new application

to the Amtsgericht. The appeals attack the deci-niens and actions of the Com-mission on two grounds. First, they claim that the Commis-sion overstepped the powers of investigation which it has under Regulation 17/62 and engaged in searches. Second. they see in the enforcement and conduct of searches an infringement of the European Convention on Human Rights, which Community institutions are bound to respect as part of the law common to member

Regulation 17/62 provides in Regulation 17/62 provides in Art. 14/3 that enterprises and their associations "shall submit to investigations ordered by decision of the Commission." Such decisions should state what will be investigated. Art.15/1/c of the Regulation provides for enforcement fines on companies which intentionon companies which intentionally or negligently "produce the required books or other

ss records in incomplete

tions ... or refuse to submit 15 give the Commission power to enter premises and ask for documents and information, which the investigated enterprise is obliged to provide. This is also the view of the FCO. The Commission, however, insists that it has the power to open filing cabinets; desks and briefcases of employees, and search them.

form during investiga-

The Advocate General con-cluded that such searches are not "searches" but "investigations" authorised by the Regulation. "When I use a word, it The Federal Cartel Office means just what I choose it to

mean – neither more nor less," seems to be the latest Humpty Dumpty rule of interpretation, awaiting confirma-tion by the European Court. The same rule helped the

The same rule heiped the Advocate General to dispose of the "human rights" argument. Having found that member states do not allow officials to enter private premises without a court warrant, he concluded that this concerns only the enforcement of such entry— and the threat and imposition of daily enforcement fines were not enforcement.

If the Commission, sup-ported by Mr Advocate General Mischo, is too free with the words of the law, the English courts are not free enough. Faced with the claim of Span-ish fishermen that it is against the EEC Treaty principle of non-discrimination on the grounds of nationality to deny them the exploitation of the British fishing quota, the Divi-sional Court said that this must be decided by the Euro-pean Court and ordered the UK Government to refrain from implementing the Merchant Shipping (Registration of Fishing Vessels) Regulations 1988 made under the Merchant made under the Merchant Shipping Act 1988. These regu-lations established, as from March 31 1989, a new register of fishing vessels from which foreign trawlers would be excluded.

This order of the Divisional Court was struck down by the Court of Appeal, where Lord Donaldson said that both in the UK and in the EC, laws and regulations are presumed to be valid until voided by a decision of the courts.

There is even an explicit decision of the European Court to this effect, and if the laws of the Secretary of State for Transport had looked it up. (in any better textbook on EC law) before going to the Divi-sional Court, there would have been no injunction and no need for an appeal.

However, without their failure it would have never been

revealed that not only the Divisional Court but even the Court of Appeal do not appreci-ate fully that, as Lord Denning said, Community law must be interpreted according to civil law principles of interpretation as practice by the European

Court. This means not only according to the purpose of the individual provisions but also with regard to its place in the system of law.

Lord Donaldson seemed rec-

onciled with the fact that the European Court, by making new law, can cut short the life of national laws and regulaot national laws and regula-tions perfectly valid at the time they were made. He did not strike down the reference to the European Court. A French court, I dare say, would have reasoned differently. It would have considered the ieros in the forcement of the issue in the framework of the entire eystem of Community

By doing so it would have reached the same conclusion

as the proverbial man on the Clapham omnibus: there is no point of baving national fishing quotas open to all member States. By giving to the EC Council the right to establish such quotas, the EEC Treaty limited the application of the principle of non-discrimina-tion. That was "clear", the French court would have said. no need to ask Luxembourg. Lord Donaldson was standing at the door to such solution when he said: "Underlying the whole of this problem is the unusual (to a British lawyer) nature of Community law, which is long on principle and thost of constilled. This is short on specifics. This is intended as a statement of fact rather then criticism. Indeed my own view is that Parliament would render a service to the nation if it moved slightly more in the direction of Community law and thus enabled the Judiciam at the careful way and more against a supplied to the supplie ciary more easily and more appropriately to apply the law to unusual or unforeseen circumstances. However the result is often that the British courts are faced with an undoubted right or duty under British law and a claim that an inconsistent right or duty exists under Community law. If the British court can ascertain the nature and extent of this competing right or duty, there is little dif-ficulty in resolving any inconsistency on the basis that the

Community law is paramount. This is the acte clair situation, but it is a comparative rarity.' What a pity Lord Donaldson did not open the acte clair door to the solution of the case before him.



UNIT TRUST ASSOCIATION

AN EVENTFUL YEAR FOR THE UNIT TRUST INDUSTRY



Bill Stuttatord, Chairman, UTA (Edracts from the Chairman's Statement at the twenty-ninth Annual General Meeting of the Unit Trust Association on Wednesday, 12 April

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Sales in Perspective

Experience of other bear markets has taught us that private investors take time to recover their nerve, and so the relative scarcity of new money for investment was hardly surprising. However the setback to our sales efforts must be put in perspective. The net new Investment totalled £1.8 billion during the year, a figure which is better than the totals in both 1983 and 1984, years which we thought were good at the time. Moreover there was little or no sign of a general exodus from the market, and the number of individual unit trust holdings remained consistently around the 4.9 million mark.

Good Performance

The success of UK income funds In producing a good capital performance and Increasing distribution as well Is particularly pleasing. The UTA regularly produces statistics showing the superior returns which have been achieved in the long run from unit trusts compared with those from cash deposits, and In spite of the falls in 1987, I see no reason to doubt that my successors will still be able to quote such o favourable comparison.

A Growing Industry

There has been speculation about the possibility of mergers between companies and the withdrawal of blg groups from the industry. We belleved that this pessimism was unjustified. I have consistently predicted that the number of companies and indeed of trusts would increase rather than decrease. Although it would be rash to suggest that we have definitely passed the nadir of profitability, my earlier prediction on numbers was certainly proved right during 1988. New groups have entered the market, some with household names, and many new trusts have been launched.

The Future

Finally, a word about the future. The Introduction of new rules is behind us, the market has recovered and public confidence does seem to be returning. In the new rules on Personal Equity Plans the unit trust Industry has exciting new opportunities. We shall soon be able to sell units elsewhere in Europe. New types of funds, including for the first time property unit trusts for the individual investor, are becoming avallable. It should certainly be a better year after the volatile nature of the last two, and I wish my successor and oil our members the best of good fortune.



They wil

enjoy the

The year 2010 may seem far off. But there is one prophecy we can make right now: energy economy, transportation, and environmental protection issues will be no less important than they are today.

As a world leader in electrical engineering, we focus our research and development efforts on these areas. The results have far-reaching effects.

Take our ingenious burners and combustion chambers for fruits of our fossil fuels, for example. They offer extremely low emission values of pollutants, and provide customers

with the most modern power-generation equipment for new plants, or the upgrading of existing ones.

research.

Or take ceramic fuel cells, which convert the latent energy potential of fuels directly into electrical power. Their use in power generation will lead to spectacular increases in efficiency and minimize CO₂ emissions.

Novel semiconductor devices and power electronic systems will play an important part in future, safe, high-speed, rail transportation systems, both in and between major cities. And emissionfree electric vehicles will become a practical alternative to today's cars with internal combustion engines.

The \$1.5 billion we invest annually in research and development of this kind is not only of benefit to our customers in terms of immediate results. It also ensures that they will have a business partner at the leading edge of electrical engineering and environmental technologies 20 years from now.

Which is when our children will take over.



UK NEWS

By Our Belfast Correspondent

SECURITY around Northern Ireland's police stations is to be reviewed after yesterday's IRA bomh attack at Warren-

point, County Down, in which a 19-year-old woman was killed and more than 30 people

No warning was given before the hlast, which devastated much of the town centre, caus-

damage estimated at hundreds

of thousands of pounds.

The homh, an estimated
1,500lbs of explosives, was in e
van left at a builder's yard outside the perimeter wall of the
Royal Ulster Constabulary sta-

tion. The murdered woman, a shop assistant, was working at

shop assistant, was working at the yard.

It is thought that the van had been parked for only a few minutes before the explosion.

Mr Ian Stewart, the province's Law and Order Minister, said an investigation would be car-

ried out to try to establish how terrorists were able to pene-

ing deeper into the embarrass-ing legal quagmire surround-ing the Outhwaite affair, in

which 1,600 memhers of Lloyd's ("Names") face huge

of thousands of pounds.

injured.

Court rules against Woolwich in tax row

By David Barchard

THE COURT OF Appeal yesterday ruled against Wool-wich Building Society, the savings institution, in its long-running dispute with the Inland Revenue tax department over the payment of com-posite rate tax between Octo-ber 1985 and April 1986.

The ruling, which over-turned a High Court judgment in fevour of Woolwich in July 1986, means that the society must repay £79m to the Reve-nne within the next seven

days.
Had Woolwich won its case, the Inland Revenue would have been obliged to pay up to \$600m in overpaid tax to other huilding societies, although it might have been able to set additional payments of £200m in higher corporation tax

against this.

However, yesterday's ruling may not be the final stage in the dispute. The Court of Appeal gave leave to the society to seek a final ruling in the House of Lords.

The dispute between Woolsiek and the Payenna began in

wich and the Revenue began in 1985 when changes were made in the way huilding societies pay composite rate tax to depositors. The society claims that the arrangements in force at the time amounted to double taxation.

Last July, in a separate case, Woolwich lost the right to claim interest on overpaid tax before it was returned by the

The Court of Appeal based its latest ruling on retrospec-tive legislation contained in the July 1986 Finance Act.
Mr Donald Kirkham, Wool-wich chief executive, said yesterday that the society was "deeply disappointed and sur-prised that the Court of Appeal had upheld arguments based on the retrospective effect of legislation."

He said that Woolwich would comply with the ruling and hand back the tax it had recovered from the Revenue in July. Woolwich was pleased, how-ever, because the Revenue had conceded to the Court of Appeal that part of the regulations in dispute had been ultra vires, or beyond the scope of their authority.

Court to hear Lonrho plea on Fraser takeover

By Raymond Hughes, Law Courts Correspondent

FIVE Law Lords, members of the highest court of appeal, yesterday agreed to hear the final appeal hy Lonrho, the international conglomerate headed hy Mr "Tiny" Rowland, in its battle for disclosure of a government report into the 1985 takeover of the House of Fraser stores group by the Egyptian Fayed brothers. However, the lords refused

Lonrho's plea that they should read the report, and deferred the question of whether Lon-rho, Mr Rowland and The Observer newspaper, owned by the group, have been guilty of contempt of the House of

The contempt issue, raised by Lord Keith, the senior Law Lord, when the appeal came to the House of Lords on Monday, the House of Lords on Monday, relates to controversial documents sent by Lonrho to four of the lords due to hear the appeal. The documents included copies of a special issue, published by the Ohserver, carrying extracts from the report which was sent anonymously to Mr Rowland.

Lord Keith warned that if Lonrho did not come up with a satisfactory explanation, the satisfactory explanation, the lords might refuse to hear the appeal and would consider

whether there had been contempt. Yesterday, after evidence

from Lonrho that it had given instructions some months ago to remove all judges' names from its mailing list, and that material had subsequently gone to the Law Lords by mis-take, the lords said they would hear the appeal and then deal with the contempt issue. Lonrho is seeking orders

requiring Lord Young, the Trade and Industry Secretary, to refer the House of Fraser takeover to the Monopolles and Mergers Commission and to publish the report without fur-

ther delay.

Mr John Beveridge, lawyer for Lonrino, asked the lords to read the report and said it was undesirable for them to decide e case of such importance without having the opportu-nity to consider "the true

whatever might be said ahout Lonrho's conduct, the appeal raised genuine ques-tions of public interest as to whether a mammoth enterprise employing 20,000 people had been taken over by means of "substantial frand and deception" and was now under the control of people whose standing, hackground and financial resources were not what they had represented them to be, Mr Beveridge

argued.

The appeal continues today.

TV programme quality to count in licence auctions

By Raymond Snoddy

THE GOVERNMENT is likely to take more account of pro-gramme quality in awarding gramme quanty in awarding television licences than envisaged in the hroadcasting policy paper published in November.

The policy paper approach had been widely condemned, but the Government now seems to be accounted from the control of the contro

seems set to accept significant modifications to its proposals to auction television licences. It is also likely to decide that Channel 4, the independent station, should be a subsidiary of the new Independent Televi-sion Commission, with a financial safety net to protect its

programming remit.
The Home Office, which is responsible for hroadcasting policy, will make the recommendations to a committee chaired by Prime Minister Margaret Thatcher later this month.

Mr Douglas Hurd, Home Secretary, is helieved to have accepted a form of competitive tendering on licences, similar to that proposed last month by Mr George Russell, chairman of the Independent Broadcasting Authority

Intervention | Security review ordered after by Kinnock may prompt docks talks

By Charles Leadbeater. Labour Editor

MR NEIL KINNOCK, the Lahour leader, yesterday backed the call for negotiations on to head off the threatened

dock strike.

His intervention makes it more likely that the Transport and General Workers' Union general executive will tomor-row reject proposals for a ballot of dockers on a strike against Government plans to abolish the national dock

labour scheme.
Most of the 17 right wingers on the 39-member executive are expected instead to back the call by Mr Ron Todd, the union's general secretary, for talks with port employers on an national agreement to replace the statutory scheme. He is also likely to win support from several of the 22 left

The dock labour scheme reg-ulates the employment condi-tions of 9,400 dockers in 63

ports.
The executive meeting tomorrow follows the decision of the union's dock committee to reject Mr Todd's advice and recommend a strike ballot.

Senior union officials believe a docks delegate conference dne to meet on Saturday is extremely unlikely to go ahead with plans for a strike without the executive's sanction, although it is still possible that the conference could sanction

some kind of immediate ballot.
Leading left-wingers yester-day said they would take a "realistic" epproach to the decision, in the light of the legal and financial threats to the union if it was to call to the union if it were to call a political strike against the Government's plans.

About 800 men at Grimsby and Immingham on Humber-side, one of Britain's higgest underwriters, to leave open the docks, yesterday voted to back Mr Todd. They will probably be joined by delegates from some smaller ports and some ports 1982 accounts of his syndicate, number 317/66L By doing so, he left the 1,600 people who were members of that time liable for gross claims now estimated at not covered by the scheme. Delegates from other large ports such as Sonthampton will be free to make up their minds in the light of the executive's decision. However, dockers leaders in Liverpool sald its £263m. If it turns out that he was not legal for him to do so, then the 1,600 affected Names could refuse to meet their liabilities, raising the spectre of a mass of litigation. delegates were mandated to support the strike call. As a result of yesterday's

report, a steering committee representing 102 Lloyd's under-writing agents who placed Names on syndicate 317/661 has now asked another solici-tors' firm, Oswald Hickson Col-ligg & Co. to the pure recently THE LLOYD'S of London insurence community appeared last night to be headlier & Co, to inquire urgently into the legality of leaving the

trate the security measures

would say that the message

when terrorists were armed with a substantial quantity of weapons and explosives. Police

stations have been a frequent

IRA target.
With so many civilian casu-

alties caused by the Warren-point bomb, Sinn Fein's local government election prospects are expected to be damaged.

The party has made no secret of the fact that bungled IRA operations make it more

Lloyd's members threaten row

over liability for £263m claims

around the police station.

US asbestos and pollution-re-lated claims over the next two decades. 1982 year open.
According to Mr John
Heynes, the committee's chair-A new report by Freshfields, man, there are, however, no the City law firm, has left a troubling question mark over the issue of whether it was legal for Mr Richard Outh-waite, one of the Lloyd's marlegal precedents governing the stuation. "You could show this thing to 25 barristers and get 25 different views on it," he told reporters.

Asked whether the situation could be compared to the situation of the ket's most prominent marine

could become a repetition of the PCW affair, in which Lloyd's had to put together a Lloyd's had to put together a partial rescue operation for 1,500 Names facing gross losses of £680m, Mr Heynes said: "Possibly. You've got to consider each stage as it comes." Mr Heynes said last night that the Freshfields report, the second the firm has produced.

second the firm has produced on the affair, focused on the facts of how Mr Outhwaite left

IRA bomb wrecks town centre

Mr Stewart said: "It is a ter-The attack came a day after rible event and one which we shall have to analyse how it the Government, in the run-up the Government, in the volute to the elections, partly relaxed the broadcasting ban on repub-lican and loyalist groups which openly support violence.

Mr Eddie McGrady, the local SDLP MP, condemned the mur-der as "barbaric" and said the killers must be brought to jus-tice. could have come about. But I

that the terrorists have got through to the people of North-ern Ireland is that they don't care about anybody. They are interested only in murder and destruction." Mr Stewart said it was extremely difficult to provide 100 per cent security at a time

tice.
The bombing was also con-demned by Unionist politicians who reiterated calls for a more

who reiterated calls for a more aggressive security policy.

Mr Gerry Adams, Sinn Fein president, said he was dismayed by the bomhing and that his party did not condone what had happened. He referred to an address he made to his party's annual conference earlier this year when he said the IRA had to be careful and then careful again not to injure civilians.

when it became clear in 1985 that it could face large and

unquentifiable losses.

The legal uncertainties arise because Mr Outhwaite's company R.H.M. Outhwaite (Underwriting Agencies) initially decided in May 1985 that the 1983 accounts could be

the 1982 accounts could be closed. This occurred and cash profits were distributed to

members, though Krust & Whinney, the auditors, qualified the annual report.

In July 1985, however, Mr Outhwaite told syndicate mem-bers that he was re-opening the

accounts, because of uncertain-

accounts, because of uncertainties about the runoffs.

Mr Heynes said yesterday:

"It would appear that the account was closed. The debate will centre on whether the reopening was, I would say, 'kosher', 'hnt that's not the right word."

Copies of yesterday's report have already been circulated to errors and omissions insurers

errors and omissions insurers at Lloyd's, suggesting the mar-ket is bracing itself for the pos-sibility of more legal disputes.

difficult to attract support from the nationalist commu-

A British Airways' Concorde A British Airways' Concorde airliner lost part of its rudder while flying at 44,000 feet, and 1,250 miles an hour over the Tasman Sea en route to Sydney yesterday. BA said it did not know why the section of tall had become detached, but it was possible the aircraft had been struck by lightning. The airline said it did not plan to ground the remaining six Concordes in its fleet.

In Brief

Concorde

loses rudder

at 44,000 ft

Boeing crash report

The official report into the crash of a Boeing helicopter off crash of a Boeing helicopter off Shetland three years ago, in which 44 died, criticised Boe-ing, the US Federal Aviation Authority and the British Civil Aviation Authority for the "inadequacy" of test and inspection programmes.

Vet schools saved

The veterinary schools of Glasgow and Cambridge universities, in Scotland and England respectively, were reprieved yesterday following a a public campaign against proposals for a cutback in veterinary capacity in British universities.

N-price rise row

A House of Commons Energy Committee yesterday called on British Nuclear Fuels, the state-owned nuclear fuel services company, to release more information to justify what the Committee called "enormous price rises" in the past three years. Sea burial, Page 11

180 120

7 -2.

Bank lending slows

Growth in bank lending to individuals slowed to the lowestrate for 12 years in the three months to February, according to figures published yesterday by the Bank of England.

Accountancy plea

Heads of six leading professional accountancy bodies yesterday wrote to Mr Francis Maude, the Undersecretary of State for Corporate Affairs, endorsing proposals for the establishment of four new bodies to uphold accountancy standards.

Come to

The five minutes that cost Shearson Lehman £350,000

Clive Wolman looks at the incident that led a securities firm to fire its chief trader in brewery stocks

T TOOK only five minutes for Shearson Lehman Hut-ton's London operations to lose £350,000 on an equity posi-tion three weeks ago. It took only a few hours for the management to respond by calling an emergency meeting of its market making staff and then firing its chief trader in brew-

Concorde

Tarte William

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State Continue

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REPORT OF THE PARTY OF THE PART

ery stocks. However, the incident exposed some of the tensions and potential for confusion and mismanagement of a rapidly changing integrated securities firm in the loss-making era after Big Bang and the stock market crash.

The trader who was dismissed was Mr Dan Day-Robin-son, a 29-year-old married man with a young child. He joined Sbearson only last October from Kleinwort Benson, where he had also made markets in brewery stocks. He felt he was underpaid and objected to attempts by the Kleinwort management to move him to

covering insurance stocks.
He telephoned Mr Bernard Leaver, a Sbearson director responsible for equity market-making and after a meeting, he was recruited on a salary of £60,000. However, he failed to live up to expectations and ntly lost money on his positions over the next few months. The net losses on his dealing account between Octo-ber and March amounted to nearly £500,000, (excluding the £350,000 loss) which was the worst record of any of Shearson's market makers. According to one of his colleagues: "He liked to punt, and punting just wasn't the right thing to do in these markets."

Shearson had previously shearson had previously made its team of brewery stock analysts and salesmen redundant but wished to maintain a presence in the sector, which includes some of the most actively traded stocks in the UK market.

UK market.

Mr Day-Robinson claimed that the lack of support and advice from analysts was partly responsible for his heavy losses.

The losses meant that he was told to keep his positions in individual shares to a minimum. So when he bought 300,000 shares in Scottish and Newcastle, mainly from County NatWest on March 3, he was approached by Mr Roger Streeter, the chief market maker. According to Mr ket maker. According to Mr Day-Robinson, Mr Streeter only suggested that a market rally would provide a good opportunity to dispose of the shares, but Mr Streeter says that ha told him to sell as soon

Mr Day-Robinson also says he was not given any position limits, in contrast with the pol-icy of Kleinwort and most other securities firms. Shearson, however, does impose position limits, normally of 100,000 shares, on most actively traded stocks such as Scottish and Newcastle – although they have discretion to breach those.

reach those.

That is surprising is that Mr Day-Robinson should not have son should not have been informed of that policy. Selling the shares immediately through the market would have meant recording a loss, so Mr Day-Robinson saked another trader, Mr Vince Tagitalavore, who is also a director of Shearson, whether he could do anything to help.

Mr Tagitalavore had responsibility for making markets in several categories of securities. One responsibility was for running a "hedge" book, which involved taking positions in shares but laying off part of the risk by buying or selling

the risk by buying or selling options and futures contracts. As he was a friend of Mr Day-Robinson and knew that he was under intense pressure not to make any more losses, Mr Taglialavore was anxious to help. He noticed that the prices of the options to buy Scottish and Newcastle shares, which were due to expire at the end of March, were extremely high. He therefore agreed to take

Mr Day-Robinson's shares on

to the hedge book and sell options through the stock mar-

ket on those shares at the

attractively high prices.

What he failed to realise was that the reason the option price was so high was that Scottish and Newcastle was the subject of a takeover hid from Eiders, the Australian company, which had been referred to the Monopolies and Mergers Commission. The MMC was due to report before the end of March, and, depending on whether it recommended that the bid should be blocked or approved, the shares in Scottish and Newcastle would fall or rise sharply.

The probability of a sharp

The probability of a sharp price movement before the end of March made the granting of options to buy or sell the shares at a fixed price extremely valuable.

Mr Taglialavore took the Mr Taglialavore took the 250,000 shares, originally acquired at a price of 443p, on to his book at a price of 429p which was at least 2p and probably 4p higher than the best price Mr Day-Robinson could achieve through the market that day, March 14. He then sold the call options on the shares at a price of 43p. That meant that his book would lose money only if the share price

money only if the share price fell below 386p.

Mr Day-Robinson failed to check whether Mr Taglialavore knew about the timing of the MMC report and says that no one explained to him that he had any residual responsibility

for shares transferred on to the for shares transferred on to the hedge book.

According to Mr Leaver:

"That is the problem when someone comes in new, perhaps it could have been explained to him better."

Some of the responsibility, too, must be placed on Mr Taglialavore, who failed to ask any questions himself, and on the absence of any analysts of the sector who presumably would quickly have highlighted the dangers.

dangers.
The initial error was compounded two days later, just five daye before the MMC

r Taglialavore was out of the office servi-cing his car when Mr Day-Robinson received an offer to buy a further tranche of Scottish and Newcastle shares from Phillips and Drew. A junior trader contacted Mr Taglialavore on his portable telephone, who said he could bny up to a maximum of 100,000. In fact, Mr Day-Robinson

ended up buying 250,000 shares at 424.5p, and passed them on to Mr Taglialavore's trader for 426p. He sold call options on them all. Mr Day-Robinson said he believed that Mr Taglialavore was fully hedging the risks of holding the shares rather than just applying a limited hedge through the sale of call options of call options.

don't want to hurt the boy any more, but he was taking a penny on the front book, just to expose us on the back

When Mr Taglialavore returned to the office, he pro-tested that his instructions had been disobeyed. But he became distracted by other transac-tions and took no action to liq-uidate the position, particularly as no questions were asked by the senior management. They should have seen a print-out of the position but falled to appreciate the risks, perhaps because Mr Streeter

was about to go on holiday.

It was only at about 8.20 on the morning of March 21, 40 minutes before the MMC announcement was due, that Mr Taglialavore explained to Mr Day-Robinson that Shear-son was covered against loss only if the price did not fall below 390p.

Mr Day-Robinson then said that a recommendation block.

that a recommendation block-ing the bid would probably send the shares down to 340p. But by then it was too late to take any action and the traders watched their screens nervously for the news.

When it came, the share price slumped to 350p for a few minutes before continuing its descent to 320p. Mr Leaver immediately came round to ask Mr Day-Robinson what position he had been holding.
"Only 23,000 shares," he said,
"but I think Vince has got a
problem."

Mr Leaver walked over to Mr Taglialavore and as soon as he discovered what had gone wrong, he stormed back to Mr Day-Robinson and shouted: "Of course he's got a problem!"

hat afternoon Mr Leaver

hat afternoon Mr Leaver called a meeting of all the market makers. He told them of the losses in the brewery stocks which during the day as a whole had reached £400,000, and warned them to co-ordinate their positions more carefully when using options. He also admitted that the management had been at the management had been at fault. At the end of the meet-ing, be called over Mr Day-Rob-inson and told him that be

would have to leave.

Mr Day-Robinson is now threatening legal action to recover at least £35,000, on the basis that he had a contract for a year. Shearson is claiming that he was dismissed for s breach of internal rules and that he is entitled to no compensation. However, it is pre-pared to pay a small amount ex

"Perbaps we could have done the whole thing better," Mr Leaver now says. "All of us made mistakes. But what are we supposed to do? Sack the department? Should I go? Should we all go?"

Sea burial 'best option' for N-power submarines

By David White, Defence Correspondent

DUMPING at sea would be the safest and easiest way for Britain to dispose of old nuclear powered submarines but would inevitably raise international and emotional objec-tions, the House of Commons Defence Committee heard yes-

terday. Its inquiry into the Ministry of Defence's dilemma over nuclear submarine disposal came amid continuing environmental concern shout the recent sinking of a Soviet nuclear-powered submarine off northern Norway.

An international moratorium on the dumping of nuclear waste at sea has been in place since 1983.

The UK's first decommis-sioned nuclear submarine, the Dreadnought, is presently berthed at Rosyth in Scotland awaiting a decision on future policy. Mr Nigel Paren, an assistant under-secretary at the Ministry, told the committee that about eight such vessels might be taken out of ser-vice by the end of the century, although not in the next three

years.
Mr Paren said deep sea
burial appeared to contain the

Almost anything goes in Britain's chamber of horrors

By Michael Cassell, Political Correspondent

ONCE their bottoms hit the green leather benches of the House of Commons, Members of Parliament are guilty of indulging in insidious and subversive activities, plain bad manners and "low-grade"

The conclusion, contained in a report published earlier this week by the Commons select committee on procedure, con-firms what voters have long known - almost anything goes when 650 wilful, windy, truculent champions of the trath face up to each other across the cha

across the champer.

The report into MPs' conduct, sparked off by mounting concern over had behaviour and by increasing defiance of the authority of the Speaker. who presides over the order of business in the Commons, sugdeteriorated during the last

Figures show that the Speaker used his disciplinary powers against MPs on 14 occasions between 1945 and 1979 - including an 11-year period when no one was naughty enough to incur his

In the last 10 years, how-ever, 30 MPs have been punshed for their unparliamentary behaviour, many of them temporarily banished to purge their contempt.
Not since the 1920s has the

Commons appeared so ill-tem-pered and unruly, although all the best stories about misde-meanours in front of the snace meanours in front of the mace

the symbol of nuthority
which resembles an over-dised
sceptre – remain the old ones.
MPs yesterday fouldy recalled the nights when a well-lubricated George Brown regularly provoked mayhom
among the front beach – the
senior members of the party
and the day Heanadetts Day. and the day Bernadette Dev-

lin, the former firebrand MP for mid-Ulster, gave Reginald Maudling, then Home Secre-tary, a personal demonstration

in corporal punishment. More recently, the mace has been wielded and dropped and at least one MP has been frogmarched from the chamber by a fuming whip, the party man-ager. On many more occasions, however, the situation has been saved by the sudden onset of temporary deafness or blindness on the part of the

The committee, which says it is unsure whether the trend is historically significant or merely a temporary aberration, makes several modest recommendations to try to improve the situation.

The report recommends no increase in periods of suspension from the Com-mons - from five to 20 days - but says the Speaker should be able to take into account offences committed over two perliamentary sessions, rathethan one.

The committee stops short of considering loss of salary during suspension, partly on the grounds that it would prove "controversial."

It condemns the practice of concerted disruption of speeches and pleads with party whips to prevent subver-sive tactics which "go well beyond the legitimate cut and thrust of debate."

The recommendations will be debated by MPs. However, a senior minister yesterday suggested that, having received the report, the Gov-erument would "sit on it for a while." Ferhaps the Speaker should inflict the same punish-ment on erring MPs.

ment on erring MPs.
* Select committee on Proce-dure: Conduct of Members in the Chamber.

May we help you?



Shoe group to expand

By Alice Rawsthorn

BURLINGTON International, one of Britain's biggest shoe makers, is continuing its expansion in the ailing footwear industry by buying Alende, the London manufacturer which specialises in unusual size footwear, from the receivers for an undis-closed sum.

The footwear industry has suffered from a sudden surge of low cost imports from South Korea and Taiwan which has imposed intense pressure on British manufacturers.

The rate of job losses and company closures in the UK industry has accelerated alarmingly in the last year.

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Bosch likely to build DM300m plant in Wales

ROBERT BOSCH, West German electronics group, is likely to site its next abstractor plant in Wales, Reuter reports from Stuttgart. "Everything is pointing to Wales," a company spokesman said, adding that contracts for the deal had not yet been skened.

the new plant would employ about 1,000 workers and cost some DM300m (294m). Production of compact car alternators would start in 1991.

The spokesman said annual British automobile production of about 1.5m vehicles meant it was important for perts suppli-ers to have a presence in

Bosch said in March it planned to build a new alternator plant overseas in a bid to

Lufthansa

Fujitsu demonstrates growing might of Japan

By Terry Dodsworth, Industrial Editor

FUJITSU's ambitious plans for a £400m UK semiconductor plant is convincing evidence -if any more were needed - of the remorseless rise of the Japanese microelectronics indus-

Japan is already challenging the US as the world's leading chip producer. It is the uncontested leader in Far Eastern markets, and has made huge inroads into the US. Its three biggest producers all bave sales of more than \$3.5bn a year, standing at the top of the global producers' league; and it has six manufacturers in the world's top 10.

Those figures, it is true, are skewed to some extent hy the fact that IBM, the world's largest computer company and the biggest manufacturer of memory devices, does not publish its figures because it uses all its chips internally. They also mask the fact that the Ameri-cans still hold the commanding beights of microprocessor manufacturing. Microprocessors are the hrains of personal computers and many other prod-ucts and thus command higher

where the Japanese dominate.
The other glaring weakness of the Japanese is in Europe. American chip companies began investing in Europe at the dawn of the industry in the 1960s, and have built up a stroog position alongside the indigenous groups. Today, four US companies figure among the top seven European producers: two Japanese produc-ers, NEC and Toshiba, have only just crept into the top 10 European sales league. Europe was not a priority in

the Japanese semiconductor manufacturers early market-ing plans because it absorbs far fewer chips than either Japan, bursting with consumer electronics goods, or the US, with its hig computer and defence sectors. But once Japan and America were accounted for, the Japanese began to turn their attention to European users in the early 1980s. Starting with sales offices, they have moved gradand are now progressing to full-scale manufacturing. Manufacturing essentially means the process known as



Dr Matami Yasufuku of Fujitsu agrees the deal with Tony Newton, Trade and Industry Minister

diffusion or wafer fabrication. This is the trickiest hit of chip production. It involves the etching of tiny electronic circuits onto the silicon base from

thing that can be achieved only in an extremely clean and vibration-free environment. Hence the cost of the installations - the going rate today is

the American and Japanese that has led to a hilateral pact for the chip industry. Prices of memory products have gone through the roof, leaving European US microprocessor company, is said to be putting about \$1bn into its latest plant. The scale of these investments means that chip compa-nies want an assured market pean customers with much higher bills and short supplies. hefore they make them. In Europe, however, it is not

Some European companies have argued that the supply difficulties make it imperative quite as simple as that. What-ever the industrial arguments for the Japanese semiconducfor the region to develop its tor companies to invest, they own indigenous producers. Mr Kariheinz Kaske, chairman of Siemens, for example, says that it is absolutely essential are now having to take politics into the equation as well. : Politics has reared its head with the increasing number of anti-dumping actions carried that Europe should no longer be dependent on Japan for through by the European Comsuch key components.

Mr Kaske's preferred solution to the issue is more gov-ernment-backed investment in European research and devel-opment to build up indigenous products - at present, Siemens is the only large-scale memory producer in Europe. But in the meantime, an alternative is to have more Japanese producing locally.

Hence Fujitsu is likely to be followed by several more Japanese chip companies. It is widely expected in the industry that Toshiba, which has an expensive assembly plant already operating in north-eastern Germany, will follow. There are suggestions that Hitachi may be thinking of a similar move, and both Sony and Seiko-Epsou are said to have had talks with indigenous European producers about joint ventures.

Excitement at fever pitch as Derbyshire waits on Toyota

By Richard Tomkina, Midlands Correspondent

Derbyshire was almost palpa-hie yesterday as its inhabit-ants awaited confirmation of what many now believe cer-tain; that the county has been chosen as the site for the £600m European assembly plant to be built by Toyota, the Japanese car group.

A hint from the Japanese ambassador, a purported leak

in the Japanese newspaper Mainichi Shimbun, and a warm conversation between leaders of Derbyshire County Council and Toyota have combined this week to produce strong circumstantial evidence that Derbyshire has won the

The excitement is under-standable. Too far north to be properly in the Midlands and too far south to be properly in the north, Derbyshire is a

low-profile county.

It is one of those countles whose shops still observe the quaint but frustrating tradition of early closing day—putting up their shutters for the rest of the day at lunchtime once a week. It is a place that the modern world some-times seems to have passed by. The same could be said of its

industrial base. Still primarily oriented towards coal mining. textiles and heavy engineering (Rolls-Royce and British Rail Engineering are the two big employers in Derby), it has lost tens of thousands of jobs since the 1970s, and not enough new industry has arrived to replace them.
If Toyota comes to Derby-

EXCITEMENT in shire, it will employ 3,000 people directly and probably as many again in spin-off jobs such as component supply. It will be the higgest single investment in Derby that anyone can remer

one can renamber.

Over the last few weeks, then, a small team at Derbyshire County Council, headed by Labour leader Councillor David Bookbinder, has thrown itself wholeheartedly into wooing the Japanese.

A tempting case has been made, emphasising the availability of a workforce of 1.2m people within 45 minutes travelling distance and the umsually high proportion of workers in manufacturing industry - 38 per cent against 28 per cent nationally.

The site itself is a 280-acre sirfield at Burnaston, between Burton-upon-Treut and Derby. Road connections are good. It is on the A38, which connects

is on the A38, which connects it with the Midlands motorway network, and lies adjacent to the Stoke-Derby M1-M6 link due to open by 1996. It is 10 miles from East Midlands Airport and two rail lines are

A strong selling point has been the attractive setting of the site in open countryside. Council roadworks have been timed not to interfere with important visits by Japa-nese delegations, and another sweetener has been the sugges-tion that Derbyshire's local authority pension fund should

invest £20m in Toyota.

Derbyshire has tried hard to

Breakthrough for the north-east

Ian Hamilton Fazey and Hazel Duffy on reasons behind the move

UST AS Nissan broke with tradition by siting its car plant in the north-east of England, so Fujitsu is the first hig electronics company to go to the area.

The significance of these two the region, which has suffered shiphuilding, engineering and steel plant closures over the last 10 years, is considerable. Dr John Bridge, chief execu-

tive of the Nortbern Development Company, which pro-motes the north to companies overseas and from other parts of the UK, said yesterday that the £400m Fujitsu factory was expected to be only the first stage of investment during the

Fujitsu bought 110 acres of farmland south of Newton Aycliffe, five miles north of Darlington, County Durham. The seller of the land was Sedgefield Borough Council, which had bought it from a programme of industrial devel-

opment. The project will hring Japanese investment in the area to nearly £1.25bn. The north-east hopes that it has achieved favoured status with the Japanese and that other benefits, such as banking and financial services for the Japa-nese companies, will follow.

An Anglo-Japanese business club and a Japanese cultural centre are being set up in New-

While Fujitsu was consider-ing various areas of the European Community, the UK Government was asked by the company to provide informa-tion on the regions, which in turn submitted details about sites and their availability.

Reasons that favoured Newton Aycliffe were the site itself; its ease of access to the A1(M); proximity of nearby industrial estates - where suppliers can locate - and a pool of 350,000 people within 10 miles from which to draw its workforce. Northumbrian Water Authority guaranteed almost pure water, vital in chip mann-Answers to Fujitsu's ques-

tions on the likely size of the UK market for semiconductors were given by the Department of Trade and Industry.

At the regional level, the Northern Development Com-Northern Development Company co-ordinated the information provided by the local council and the development company that Durham County Council set up last year.

Japanese companies appear to be putting less emphasis on government financial assistance towards investment than when Nissan came to the UK. Fujitsu will receive about £30m in selective assistance. That is substantial in relation

to the levels of assistance that companies already operating in the UK say they are receiving towards financing expansions, but much less proportionately than was agreed with Missan. The local council will provide £2m for services and infrastructure from money that the

European Regional Development Fund granted to the

The north-east is understandably euphoric about its capture of Fujitsn. However, Scotland, South Wales, and the Telford area in the Midlands also have projects that repre-sent substantial amounts of Japanese investment.

Dr Bridge's theory of the "cluster" appeal of areas already chosen by Jspanese companies has some validity. But there is also a reluctance by companies in the same sector to site their activities in the same area, in case they should be involved in poaching labour from each other.

Toyota did not consider the north-east, for instance, in its search for a site for its European car and engine assembly, because Nissan was already

ment of up to 100 graduate engineers shortly, and the com-

mission against Japanese elec-tronics companies. That led, earlier this year, to a new rul-ing that semiconductors could only be regarded as European in origin if they were diffused in the Community. At the same time, the Commission

has indicated that it may push up the effective import tariff on chips from 10 per cent to 14 Those moves have put the Jspanese in a squeeze. As their sales volumes go up - and last year they advanced very rap-idly indeed - higher tariffs will blte hard into profits; and

Europe to keep the local conteut high in their finished products - such as televisions. copiers and printers. Europe has become equally alarmed over the last two

the new origin rules means that customers will have a

strong inducement to buy in

Single-union deal sought

By Ian Hamilton Fazey, Northern Correspondent

FUJITSU wants a single-union union, which was expelled deal for its County Durham factory and is to bold explor-atory talks with the north-east regional council of the Trades

Union Congress. However, Dr John Bridge, chief executive of the Northern Development Company, said that did not mean that Fuiltsu had decided it would commit itself to a TUC union. Separate talks are likely with the EEPTU, the electri-cians and electronics engineers from TUC membership after rows over its single-union agreements elsewhere, particularly at the Wapping works of News International, the news-paper publishing group con-trolled hy Mr Rupert Murdoch. Introductions to the TUC will be made by NDC, an inde-pendent development agency backed by northern public and private sectors. Four members of the TUC regional council are

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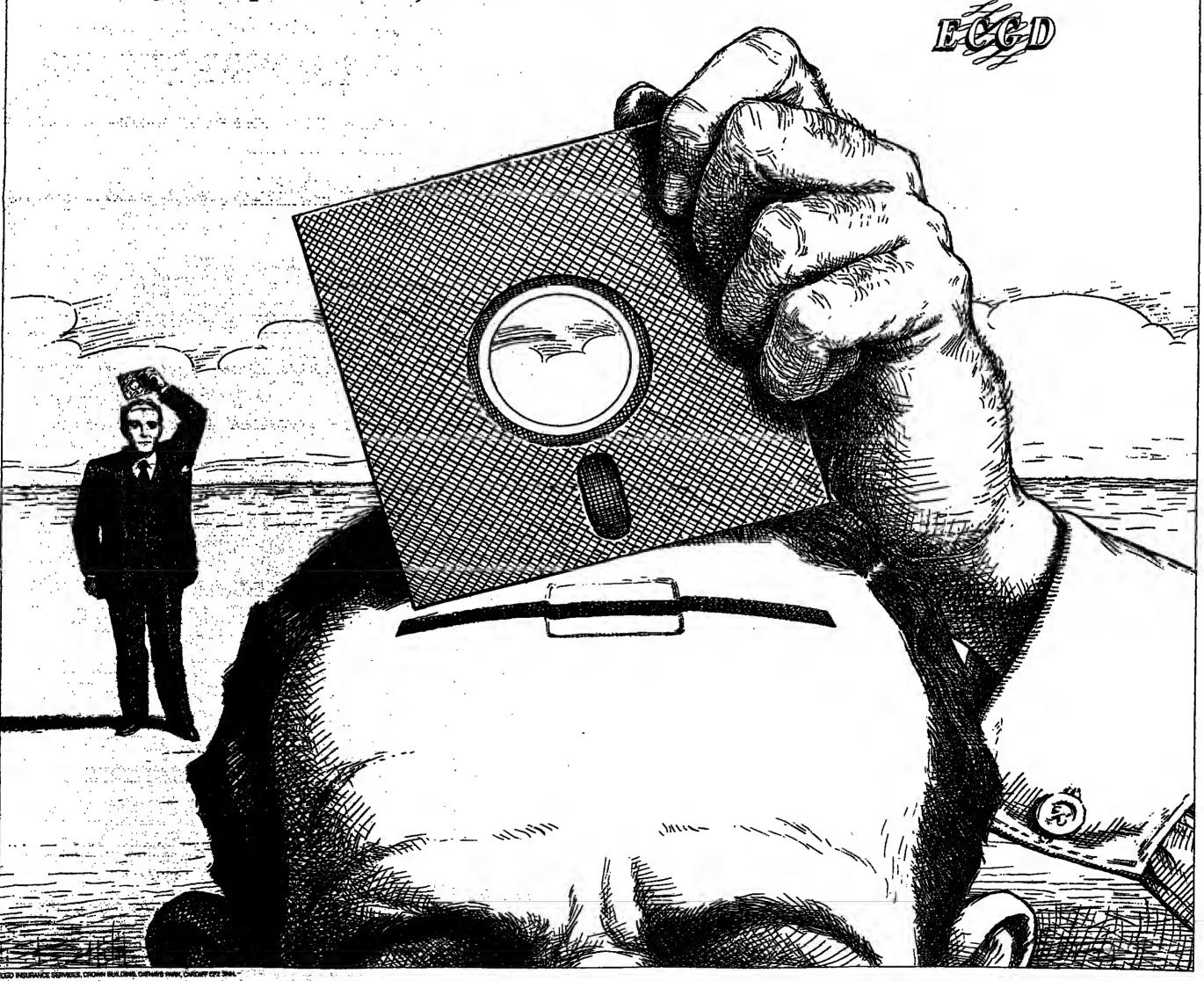
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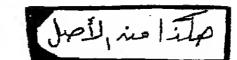
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The games that brokers play

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breed more business.

The group — which recently changed its name from Excess Insurance - had, until 1984, relied entirely on advertising in insurance trade journals to

promote its products. Smith says: "It seemed to us to be a repetitive, and perhaps wasteful, way of doing things. Though some general advertising is necessary, if you want to promote, say, personal insur-ance products, you really want to talk directly to four or five thousand people.
"But it did not seem enough

just to produce a succession of direct mail shots. There is a limit to what you can say to



The business game: players are required to calculate the time taken for a trip around Europe at the turn of the century

such an andience. You cannot just keep on saying it seven times a year. We wanted a new line of communication between the company and its market."
Impact therefore began to
look for some form of promotion that would not only raise
awareness, but build the com-

pany brand by involving the target audience more closely with it over a period of time, rather than merely reading about it in an advertisement once a month, says Smith, "Brokers have a lot of insur-

ance companies to choose from when giving quotations or writing policies. We wanted to make them so familiar with the London & Edinburgh brand that it would he among the first they would think of." Bamford adds: "We did not want to market ourselves through prize draws or mere

games of chance. And in addi-

tion to promoting general

awareness of the company, we wanted something that could be focused on specific lines of business and products." The result was a game called Land of the Pharaohs, distributed in 1984 to fewer than 3,000 commercial insurance brokers. In a business sector not exactly noted for imaginative marketing at the time, it caught immediate attention. Though given a low-key introduction, some 1,200 brokers competed in the game over a period of two

Impact developed two other games - Motorcross and Tale of Two Cities - soon afterwards for other groups of bro-kers. But it was a game devised for 280 reinsurance brokers last year that set the seal on the marketing initia-

Richly presented in a silk-

lined, polished wood box, the 1900 game involved participants in a turn-of-the-century race around Europe. It required them to calculate precisely the time for a journey from London to Paris, Barce lona, Hamburg and back to London using the transport

then available The game was played in stages with new items of infor-mation – such as newspapers, announcing a dock strike or train cancellations — arriving just before each journey.

The prize for the winner was a return trip to New York on QE2 and Concorde; and a char-

that were made.

London & Edinburgh invested about £100,000 in the promotion, and Bamford says the company was "very pleased indeed" with the

The launch presentation in London's Baltic Exchange was attended by 183 of the 280 brokers; 136 finally entered the game and 101 completed it, putting their minds to the probems it posed for an hour or two a month over three

Through the game, Smith says, London & Edinburgh succeeded in provoking a considerable response from a very high proportion of its audience. The game attracted favourable notices in the trade press, new brokers in the targeted

group began using London & Edinburgh and the company's overall reinsurance business increased.

Bamford says: The games, so far, have certainly achieved

their main object of promoting awareness of the company and its products and our latest game should help to sustain it. "They have given us social opportunities to get to know a lot of people better, and it has all been fun, not least for our own staff."

Smith believes that it was daring of London & Edinburgh to take the plunge when it did, "but I have been surprised by how few companies have fol-lowed its lead." He is, however, now working on the development of a game to be used in the marketing of a range of products for NEC, the Japanese office systems company.







Scenes from the Levi "Refrigerator" commercial, the cost of which was spread ac

t is now four years since cinema audiences first saw a commercial in which a young man strode into a steamy 1950s strode into a steamy 1950s laundrette, to the strains of Marvin Gaye's soul music, stripped to his boxer shorts and washed his Levi jeans.

The commercial was so successful that Marvin Gaye's record was re-released and the roung man forescok modelling.

young man foresook modelling for pop stardom. It also succeeded in reviving the European jeans market and the fading fortunes of Levi Strauss.

Levi's "Laundrette" commer-cial made its debut in Europe and has since been shown in almost every country in the world. Its success has encour-aged Levi to develop a special strategy for exporting its advertising from country to

country.

The advantages of "exporting" commercials are obvious.
First, it offers an opportunity for Levi to make the most of its successful advertising. Second, it enables the company to recoup production costs - one of its 1988 commercials,
"Refrigerator", cost over
£300,000 - by spreading the
expense across different countries.

Levi Strauss, with global sales of over \$3bn (£1.75bn) last year, is the biggest clothing company in the world. It man-ufactures jeans in 20 different countries and sells them in

more than 70.
All the company's international activities are co-ordinated by Levi Strauss International, operating on the site of the original dry goods store by the San Francisco waterfront

Ads astride the world

Alice Rawsthorn traces Levi Strauss's development of international commercials

where Levi Strauss, a German *émigré*, sold the first denim jeans in the 1850s.

In the past, several unsuc-essful attempts were made to co-ordinate advertising across different countries. Since 1985, when the founding family regained control of the company in a \$1.6bn leveraged buy-out, LSI has renewed its efforts to encourage its subsidiaries to exchange advertising

concepts and commercials.

The buy-out coincided by the adoption of the "core product strategy" in which Levi streamlined its activities to concentrate on its traditional denim jeans. It marked the return to its roots by relaunching its authentic fly button 501. jeans: first in the US and then

in Europe. Bartle Bogle Hegarty, the London agency that had been appointed to handle its advertising across Europe, created "Laundrette" as the first pan-European commercial. Each European subsidiary retained its own consultancy for media buying, but BBH controlled the

creative work.
"Laundrette" was so success ful in Europe that it was then used by other countries. BBH has since produced a series of pan-European commercials, all adopting the 1950s American imagery of "Laundrette" and accompanied by the blues and soul music . These commercials have also been used in

cials have also been used in other markets.

Outside Europe the international subsidiaries retain their own agencies. Levi has developed a system — orchestrated by Vic Chiarella, director of marketing support, in San Francisco — to ensure that the subsidiaries see commercials when they super and have the when they appear and have the opportunity to use them.

Each new commercial is sent

on video to the subsidiaries to see whether it will be compatible with their marketing strat-egies. If it is suitable, the subdiarles must then consider whether the commercial satisfies the local rules covering copyright, content and censor

The local rules can be labyrinthine. Levi could not show the original "Laundrette" in the US because another adver-tiser — California Raisins already held the musical copyright for Marvin Gaye's heard it on the Grapevine". Similarly Levi has to reshoot

its commercials for use in Australia and Brazil, where the local content rules stipulate that commercials must be produced within the country. Its agencies often stick to the concept of the original commercial, but adapt it to suit the exigencies of the local market.

in Anstralia, for example, where women are important purchasers of jeans, the tone tends to be softened. The script for "Refrigerator" — set in a seedy hotel diner in the Mid West, where a woman wetches a young man retrieve his 501s from the refrigerator and roar; away on a Harley-Davidson. motorcyle — was changed so that the woman roars off on the motorcyle too.

Censorship is a persistent problem. Even "Laundrette" was deemed too salacious for most of South East Asia. "Refrigerator", the most sensual of all the commercials, has fallen foul of the cansors in

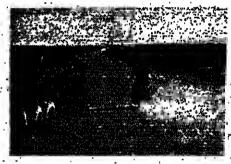
several countries. Levi is lucky in that denim eans are one of the few truly global products. Similarly, the imagery of its European adver-tising – the culture and music of the US in the 1950s — is universally recognisable. Other, companies, with products posltioned differently across the world, would not find it so effective to export commercials

from country to country.

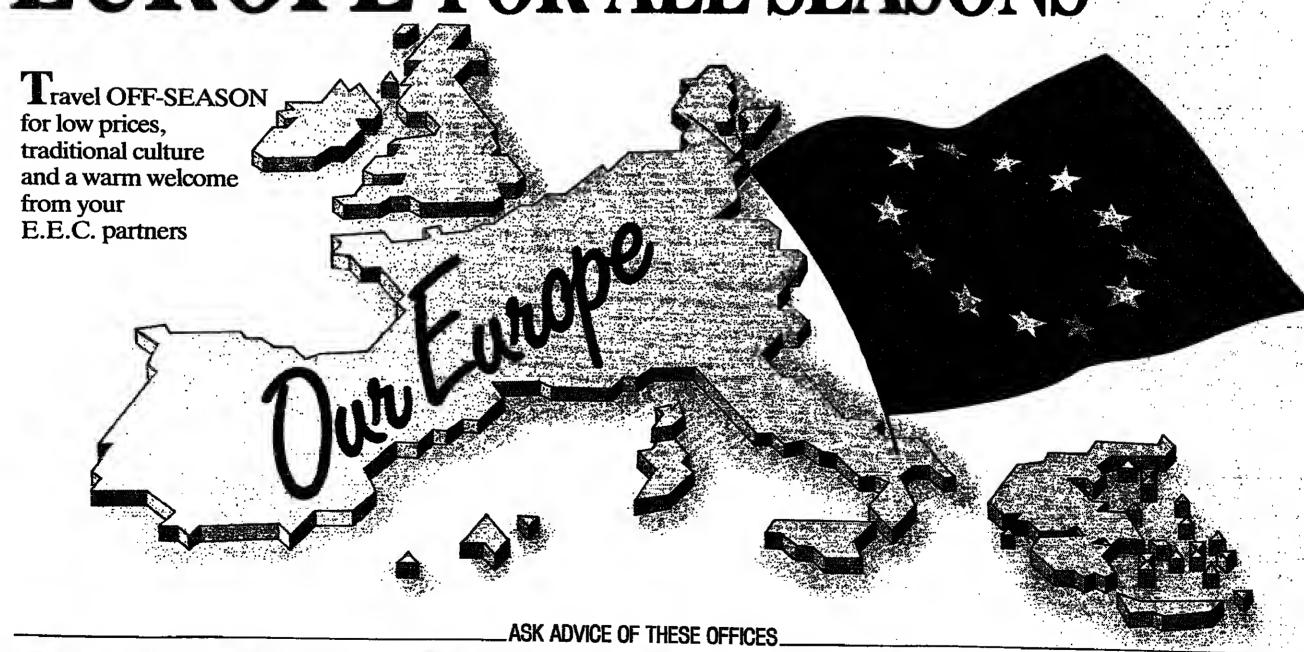
Even Levi has encountered problems. It has falled so far to apply its international advertising strategy successfully in Japan. "We have tested commercial after commarcial in the Japanese market," says Chiarella. "But none of them-













Belgian Tourist Office Premier House, 2 Gayton Road Harrow Middlesex HA1 2XU

German National Tourist Office 65 Curzon Street, London W1

lel: 01 495 3990



Danish Tourist Board Sceptre House, 169 Regent Street, London W1 Tel: 01 734 2637

Spanish Tourist Office 57-58 St James's street,

London SW1

Tel: 01 499 0901



French Government Tourist Office 178 Piccadilly, London W1 Tel: 01 499 6911

British Tourist Authority

Thames Tower, Blacks Road, London W6

Tel: 01 846 9000



Greek National Tourist Organization 195-197, Regent Street, London W1 Tel: 017345997

Italian State Tourist Office 1 Princes Street, London W1 Tel: 01 408 1254



irish Tourist Board ireland House, 150 New Bond Street, London W1 Tel: 01 493 3201

Lucembourg National Trade 8

36 Piccadilly, London W1 Tel: 01 434 2800

Tourist Office



etherlands Board of Tourism Eggington House 25-28 Buckingham Gate, London SW1 Tel: 01 630 0451



Portuguese National Tourist Office New Bond Street House, 1 New Bond Street, London W1 Tel: 014933873



Smouldering along

last summer it sat up in bed, threw out its arms in a glorithe week Distant Voices Still Lives and A Fish Called Wanda opened simultaneously — and then fell back coughing and gasping. At this year's BAFTA awards ceremony, the signs of rigor mertis were clearly visi-ble. Presenters Anna Ford and David Dimbleby showed no distinct signs of life: the normally irrepressible Sir Dickie was in hospital: and participants were asked to keep their speeches short in case their make up ran and revealed signs of zombification beneath.

Under funded, undervalued and frequently prizeless, no wonder our best British Wave directors now seem past their best (Derek Jarman, Mike Radford) or have gone to America (Ridley Scott, Stephen Frears) or are starving for a little decent attention (Terence "Distant Voices, No BAFTA Prizes" Davies). No wonder too that the best our nation can produce in the second week in April - traditionally the "Oh to be in England" month is Andrew Birkin's Burning Secret and Mel Smith's The Tall Guy. Both are debut directing features and both clamour "Please take me back to the drawing-beard." Birkin's film wins hy a nose over: Smith's, if only because a moody novella by Stefan Zweig is a preferable source of inspiration to an original comic screenplay (by Blackadder's Richard Curtis) of horrible

unfunniness. Set in a snow-girt Austrian spa hotel in 1919, Burning Secret is a coming-of-age tale blended with a twilight-of-theempire one. Swimming about amid the hohhing human wreckaga of the Austro-Hungarian empire, an asthmatic young boy (David Eberts). watches the love-play between his mother Faye Dunaway and mysterious Baron Klaus Maria, Brandauer. The boy's initial delight at the Baron's tall tales slowly yields to jealousy and anguish. Why is the B favouring Mum's company rather than his? Why do they both disappear from the dining-room at roughly the same time each evening? And what will his diplomat Dad in Vienna, (Ian Richardson) think if the runs away and recounts

More questions here than are good for a growing child, or indeed a growing film. (One-gets lost in the sleet of interrogatives.) While the sanatorium is looking after its human have attended to some dicky dialogue ("Why don't you go and scout the lay of the land?" Dunaway asks the boy) and a pan-pipes music score that

sounds distinctly tubercular. Burning Secret wins through on its acting. Dunaway is a clothes-horse sans parail, with restless nerves and pedigree nostrils. Brandauer is a rogue, a charmer and a magus all in one: a human salamander flickering with strange fires. And Eberts is touchingly convincing as the boy. Through them, rather than through Birkin's direction, whose elegant mertia suggests he was reared on too many TV classic serials and not enough Visconti, Burn-ing Secret smoulders interest-ingly even if it never catches

The Tull Guy resembles a man trying to light a fire-cracker while pouring a bucket of water over himself. I



Klaus Maria Brandager in "Burning Secret"

BURNING SECRET Andrew Birkin

THE TALL GUY Mel Smith

RETURN FROM THE RIVER KWAI Andrew McLaglen

> THE DEAD POOL Buddy Van Horn

> > MATEWAN John Sayles

THAT NIGHT IN VARENNES Ettore Scola

the fault was with me. Then I looked around at the audience and found that they too resem-hled the crowd at a funeral. Jeff (The Fly) Goldblum plays one "Dexter King," straight man in a variety double-act to Rowan Atkinson's knockabout comic "Ron Anderson." Dexter Goldblum cannot take much more knocking

from Rowan Anderson so he plays hookey and falls in love with Emma Thompson as nurse "Cheryl." Cheryl Thompson has a lot of eccentric working colleagues and boardinghouse neighbours, and these provide amusement while Ron Atkinson fumes at his partner's disloyalty and while the projectionist prepares to thread the next reel of torment.

Did I forget the spoof Andrew Lloyd Webber musical "Elephant!", based on The Ele-phant Man? Or the scene with the mad doctor using a horse syringe? Or the moment when Goldblum and Thompson do a Flanagan and Allen number wearing the same pajama suit? If I did, it was through a sense of mercy towards you. Misfiring and mis-timing its jokes (even the potentially good ones) with nightmare consistency, The Tall Guy is an endof term school revne masquer-

ading as a movie.

We cannot leave this crisis report on British cinema without mentioning the cinemas themselves. For even if a movie turns out well today, there is the hurdle of movie exhibition in this country. I caught Return From The River Kinai this week at the Odeon Marble Arch. Three cheers for the venue as comfortable as an ocean liner and almost as large. But at my evening per-formance, there were 25 people in the entire stalls area.

And who could be surprised? Having paid £4 for a seat, they were first subjected to 15 minutea of brain-numbing advertis-ing. This was followed by a short break in which sales staff fifiled to visit "all parts of the theatre," probably because stu-peraction had already done so. The noble 25 were then subjected to a film experience for

romp directed by Andrew (Wild Geese) McLaglen. Any film called Return From The River Ewai warns you to stay away, and the heart goes out to Edward Fox and Denisolm Elliott, fighting the Japs with ne-more than their bare hands and some equally ill-protected dialogue. The more pertinent question is: should filmgoers question is: should filmgoers be expected to sit through pae-ans to jeans, washing-ma-chines, hair lacquer, restan-rants and motor cars before they clap eyes on what they paid for? Would we expect a theatre andience at Hamlet or Cats to endure 15 minutes of commercials first? Of course not. Distributors and exhibitors, please act, and swiftly.

Meanwhile something different and familiar is stirring in San Francisco. Detective "Dirty Harry" Callahan (Clini Eas-twood) has been ordered off the streets again. This is not the first time and may not be the last Eighteen years after Dirty Harry, our hero still prefers to shoot first and ask questions, if

In his latest case, file-named The Dead Pool, he is pitted against a mass-marderer impersonating and trying to frame a famous film director. (One of the killer's victims is a film critic: that must have felt good to the makers of this justly maligned series.) Before copping tha culprit, Clint-Harry's car is chased over the hilly San Francisco streets by a remote-control model car con-taining a bomb, he has to nego-tiate countless shoot-outs and punch-ups; and at 58 he has to look as if he is running for his life when most of us of that age

are past running for a bus.
Buddy Van Horn directs a
cartifiable plot with tha
straightest available face, and Irish actor Liam Neeson adopts a defiant charisma and interesting accent (cockney? Australian?) as the framed director. I was particularly partial to Neeson's answer to the question, who might be framing "Could be anyone" says Liam, "my agent, my two pro-ducers, my writer, my camera-man..." There speaks a film-maker with a true grasp

on reality.
For all The Dead Pool's defects, there are moments in John Sayles's Matewan and Ettore Scola's That Night In Varennes when a little crisp action from Dirty Harry would be welcome. The first is an ear-nest labour yarn about a coal strike in 1920s West Virginia. Attempting to cross a Western with an agitprop film, it resem-bles High Noon re-directed by

Arthur Scargill Scola's French Revolution costume epic is a mite better. Harvey Keitel (Tom Paine), Marcello Mastroianni (Casa-nova), Jean-Louis Barrault and Hanna Schygulla are among the Euro-celebrities taking a historic coach trip in 1791. Clearly, the guillotine had no power as yet against the evils of polyglot casting. But the film, though long, is colourful, the dialogue, though dubbed,

In celebration of Charlie Chaplin's 100th birthday (April 16), City Lights will be playing at the Dominion next week with a live orchestra. Whether you idollse the Little Chap or not, it promises a more fruitful experience than any of the above. Performances last from Sunday till Wednesday. Make

Nigel Andrews

A Midsummer Night's Dream

STRATFORD-UPON-AVON

The seat usually occupied by the RSC's artistic director was symbolically ampty on Tues-day night. Terry Hands, having announced his intention of leaving the company in 1991, had gone on holiday just as John Caird unleashed a production of A Midsummer Night's Dream which is the best in Stratford-upon-Avon for years and which may even promote its director to the front of mote its director to the front of the queue for the succession. A young and mostly unknown company has been

galvanised into action, or per-haps even reaction, judging by the venom with which Puck directed his epilogue ("If we have unearned luck / Now to scape the serpent's tongue") at the critics' aisle seats. Well, about time too. The Dreum is a comedy of aggression and comedy of aggression and spirit, and the moment you enter the theatre you are assailed by the most tremen-dous rocky subversion of Mendelssohn's incidental music by a band, visible on either side of the stage, that sounds as though it has just come off the road with James Last.

Theseus and Hippolyta are to be married in a huge white marquee, hut lines of disagree-ment are indicated by footwear. Egeus is in white spats, the resentful Helena in Doc

Martins. The fairy world that stands on the Edwardian coat tails of the court is a surly crew of suppressed schoolchild-ren, led by the hrilliant Puck of Richard McCabe, who wears a white tutu as a belt around his blazer and baggy grey shorts and who relates the sprita's victous interventions to the libstands on the Edwardian coat erty-taking public school man-ners of alternative comedy. He is a dead ringer for Griff Rhys

recent RSG tradition on the Trevor Nunn humanist side: these fairies - girls in white ballet gear and stockings, chaps in hlazers and butterfly wings, the little Indian change-ling boy in pyjamas – are like the lost children in J.M.Barrie. Although the usual doubling of Theseus/Oberon and Hippolyta/Titania is followed, John Carlisle and Clare Higgins suggest that fairyland is a place of dark dreams and lost innocence quite apart from Athens. The Nunn/Caird collabora-tions on Peter Pan, Nicholas Nickleby and Les Misérables are continuously evoked. "You spotted snakes with double

tongue" is a chorus for Hugoes-

que hroom-wielding fairy waifs. Sue Blane's forest

beyond the marquee is a repos-itory of *Nickleby*-style junk -



John Carlisle and Richard McCabe

bikes, cellos, bins and gnarled trees growing out of iron stair-cases. I always assumed that Caird assisted Nunn on those productions. Having now seen how well the solo Caird handles Ben Jonson, one begins to wonder if it wasn't the other way around.

Inexperience shows only in the notoriously difficult lovers' quarrel, which lacks shape, and the mechanicals' play, which is laboriously extended. Amanda Bellamy's Hermia is the pick of the youngsters, while the yokeis are rumbustiously led by David Trough-ton's Bottom. The latter sizzles with enthusiasm in the rehearsal scenes, sports a mas-sive donkey head with deli-ciously mobile jaw and eyelids in the woods, and drives Paul Wehster's highly strung Quince to drink on the prompt

The great RSC Dream remains, of course, Peter Brook's in 1970. This one misses out on tenderness and tears. But it is the most marvellous fun, and generous in its will to entertain. When Car-

lisle's silken Oberon com-mands his tribe to rock the ground, the stage explodes io a post-punk melange of Come Doncing and Prokoftev's Romeo and Julies suite. This may offend the Bardophiles, but Ilona Sekacz's music is a major (and minor) key factor in a show that left me hugging myself with pleasure. If Mr Hands had been there, I would have hugged him, too.

Michael Coveney



Allan Corduner and Saskia Reeves

Icecream

ROYAL COURT

Stark, fierce, elliptical, gnomic and short, Caryl Churchill's new play is an interesting return to pure writing for a dramatist whose greatest hits have been developed in work-shops and rehearsals.

A perusal of the text, published by Nick Hern Books at £4.50, confirms that not a word is wasted. Into 20 short scenes (playing time 75 minutes), Churchill has packed an explosive allegory of the historical transatlantic alliance in the shifting relationships of an American hushand and wife and an English brother and sis-

As usual, the jahbing exchanges have a quality of stychomythia in Greek tragedy, and another stylistic hall-mark, the overlapping dialogue, creates both texture and tension on stage. The quartet of long lost cousins indulge in the most splended genealogical babble, while the quarrels and disagreements that sour the later episodes are symptoms of a deep linguistic and sociologi-

The pattern of the piece reminds me of earlier plays like Traps and Owners. There

is a dream-like bravado about the arrival of Lance and Vera in Scotland to chase up a drowned antecedent. The Brigadoon connection is established with a refrain from "The Heather on the Hill" as they drive through a split screen country view. Their British stay is enlivened with sex and violence. Phil, in the East End, kisses Vera passionately on the mouth. In a pnh, he spies an evil man, and the quartet is later trapped, as in a photograph, above a blanketed corpse they will dump in Epping Forest. The landlord has been mur-

dered, hut we never really know if Phil's deed is a just crime or psycopathic flurry. It just happens. The first ten scenes in Britain are hrimful of sudden emotional incontinence. The kiss, the quarrel, the crying at hreakfast after a disavowal of greasy fried eggs. The second half, in America, begins with Vera confessing to a shrink. Then Lance confesses

Phil is killed in a road accident (he steps off the pavement looking the wrong way, as did the American director Alan Schneider at Hampstead Thea-

tre a few years back), and the evening accelerates as a coodensed travelogue for Jaq. She falls in with a Born Again hitchhiker and his mother and commits the sbow's second murder, pushing a professor off a hill when he progresses from hitching his dead wife to ordering her to remove her hlouse. What happened is characteris-tically revealed half way through the next scene. Churchill's narrative is a haunting exercise in delayed chronology.

This strange, jangling and often very funny play is superbly directed by Max Stafford-Clark, very well designed hy Peter Hartwell and per-formed with confident expertise by Carole Hayman and Philip Jackson as the Americans, and hy Saskia Reeves and David Thewlis as the alineated, jumpy English siblings. Gillian Hanna and Alan Corduner also populate the snapshots. Powerfully coded, hut not obscure, the play also atrical and aesthetic experimentation.

Michael Coveney

Orchestre National de Lille

The Lille orchestra and its founder-conductor Jean-Claude Casadesus brought an enterprising programme to the South Bank on Tuesday: too enterprising to draw the house they deserved, in fact, though their sponsors Elf Aquitaine had evidently made helpful efforts. Perhaps the intended soloist, the splendid Russian violist Yuri Bashmet, was to have been the main lure; but he is not a household name here (no violist is), and in the event he was anyway indis-

posed. Berlioz's Harold in Italy hoasted the Israeli-Canadian Rivka Golan instead, another potent musician with more dramatic flair than the viola usually inspires. Her opening Adagio, uncommonly broad and intense, seized the atten-tion at once, and thereafter she disclosed new expressive points in every section. (I donhted, however, that the famous Ponticello arpeggios in the Pilgrims' March gained by

ment; that memorable Berlioz trouvaille should be delivered straight.) Casadesus proved a lively accompanist and his lively accompanist and his orcbestra notably well-hal-anced, though the closing Brig-ands' Orgy hardly matched the "frenetico" prescription.

Berlioz was preceded by Xenakis, whose 1987 Tracees had its British première. It fil-led barely more than five min-

utes with huge apocalyptic famous Ponticello arpeggios in the Pilgrims' March gained by expressively wayward treatwhich is Xenakis's special weapon; one could never mistake the piece for mere overbearing noise. So too in Dntilleux's First

Symphony, a work which probably rewards hindsight - for in the light of his mature and late music, it seems simple hut wholly characteristic — better than it did its first audience in 1951. Then, the original cut of the material must have been less striking than the coolly conservative forms in which Dutilleux cast it: Brahmsian,

even, at a time when the answer to "Aimez-vous Brahms?" was a universal Gallic "non!". The dry clarity of Casadesus' exposition was apt and cannily effective. We got a charming period-discovery as well; the overture hy Charles-Simon Catel (1733-1830) to his opera Semiramis, professionally skilful, displayed imagina-tion considerably beyond rou-tine — as did this whole concert.

David Murray

ARTS GUIDE

laughed so little that I thought

EXHIBITIONS

London . .

The Whitechapel Art Gallery (in collaboration with the Funda-cio Joan Miro, Barcelona), Joan

cio Joan Miro, Barcelona). Joan Miro: Paintings and Drawings 1929-41 Daily except Mondays until April 23 — sponsored by Citicorp/Citibank.
The Hayward Gallery. Leonardo da Vind: Artist, Scientist, Inventor. The most comprehensive exhibition ever staged of the drawings of Leonardo, including 88 from the Royal Library at Windsor. Daily until April 18. The Hayward Gallery. La France: Images of Women and Rieas of Celebration of France, the Revolution Revisited. Daily until April 18: then on to the Walker Art Gallary, Liverpool, May S to June 11.

Grand Palais. The French Revolution in Europe. A vast exhibition organised by the Council of Europe tries to situate the French Revolution in the social and political context of Europe as a whole. Closed Tue, Late opening night Wed. Ends. June 26 (42895410). Grand Palais. Paul Gauguin: Coming after Washington and Chicago. 250 works from all over the world form an important retrospective of the legendary Until April 24. closed Tue, late closing night Wed (42 96 58 30). The Louvre. The glass pyramid, built by LM. Pei, the Sino-American architect, has opened to the public as a dramatic entrance public as a dramatic entrance to one of the world's most

com, Mon and Wed until 9.45pm, closed Tue. The Louvre, Les donnteurs du Louve. Aptly, the newly refur-bished museum imagurates the 1,300 square metres of space cre-ated underground for temporary exhibitions by engressing grati-tude for the generosity of donors throughout its existence. 12am

throughout its existence. 12am to 10pm, all days except Tuesdays. Ends August 21. Entrythrough the Pyramid, Hall Napoleon, Niveau Accuell.

Nusée Jacquemart André, Russian historical costumes. Lemingrait's Hermitage Museum has leat 290 exhibits from its treasure trove of historical costumes dating from 1700 to 1914. 158. Bid Haussmann, 12 moon 6.30pm; ends May 31.

Musée des Arts Decoratifs. The intimate world of Alexander.

Music des Aris Decoratifs. The intimate world of Alexander Calder, some 300 works, most of them gifts to family and. Thends and, as such, exhibited for the first time, show the inventiveness and sense of humour of the sculptor. Ends May 21. Closed Mon and Tue (1978) 21.

May 21. Closed Mon and Tue (42503214) Musée d'Orsay. Paul-Endle Mint's photographs from Tahiti 1839-1870 show the melancholy reality behind Gauguin's dreams of an exotic personse. Closed Mon, ends April 23 (404 94814). Musée du Larxembourg. Trea-sures of Gallo-Roman Silveryare. The mendour of Roman Silveryare. The splendour of Roman silvers-miths' work is brought to life by the rich finds on the territory of Roman Gaul. 19, rue de Vaugi-rard (42342595). Closed Mon, ends

Amsterdam Stadelijk Museum. The first

major retrospective of the work or Kasimir Malevich combines loans from leading Soviet gal-leries with the famous holdings of the host museum. Ends May

28.
Van Gogh Museum. Prints, drawings and geneches illuminate the work of Gauguin's followers who banded together under the name Les Natils. Ends May 28.

Pains des Beaux-Arts. Art Deco in Europe. True-Sat, closed Mon. Ends May 28.

Musée Royaux d'Art et d'His-toire. Thet – Terror and Magic, sculpiures and paintings of lama-ist gods on loan from the Musee Guimet, Paris. Closed Monday ends May 14 (783.9610).

Banquei Bruxelles Lambert.

Women, at the Time of the French Revolution – daily, ends Money at the Time of the French Revolution — daily, ends May 15. Galerie CGER. The Heri-tage of the French Revolution 1794-1814. Daily, ends June 11.

Frankfurt

"Je Suis le Cahier", the sketch-books of Picasso. This exhibition of 40 sketchbooks and around 200 paintings, organised by the New York based Pace Gallery and sponsored by the American Express company, will have its second stop here in Frankfurt on the European tour. Ends May 28.

28.
Schira Konsthalle und Kunstverein, Am RömerbergProspect 89.
Peter Weiermair director of
Frankfurt's arts association has
again chosen a wide variety of
artists with around 80 painters
and sculptors from 15 different
countries for this year's Prospect

Fritz Koenig. 35 scalptures worked in iron, 70 script pictures and 80 drawings by the German artist Fritz Koenig, born in 1924 are exhibited until May 1. Akademie der Künste, Hansestenweg

10. Willi Baumeister (1889-1955). Will Saumenser (1803-1855).

To commemorate the 100th anniversary of the German abstract artist's birth there are 140 works from all periods of his working life to be seen until May 28.

Nationalgalerie, Potsdamer-Strasse 50.

89. Ends May 21.

The Bawag foundation, run by the Bank für Arbeit und Wirtschaft in the heart of Vienna is exhibiting works by the young Austrian peinter, Kurt Welther. One of his hallmarks is his sympathetic evocation of provincialism. Ends May 6.

Museum for Applied Arts. Austria's rebellious artists of the 1960s have their one exhibition here extitled, Aktionsmalerie-Aktionismus, Wien 1960-1965. Ends May 15.

tionismus, Wien 1960-1965. Ends May 15. Secassion. There is always some exhibition by Austrian artists on show here. But it is also worthwhile to go downstains and see Klimit's Beethoven Frieze, which has been restored to its original place. The Secession, home of Vienna's fin-de-siecle painters, has been wonderfully restored.

The Kunstforum, a new art gallery run by the state-run Leanderbank, makes its debut with the Leopold collection, Well worth catching. Ends June.

Rome

Palazzo Braschi. Views of Rome by Giambattista Piranesi: 93 oy diaminationar Frances: 93
engravings by Frances: and contemporaries (including his son,
Francesco and his maestro, Giuseppe Vasi) covering the years
1745 to 1778 at a magical period
in the city's history. Until April
25

New York

Pierpont Morgan Library, Master drawings borrowed from Holland's oldest museum, the Teyler in Haarlem, focuses on work by Michelangelo, Raphael, Golzius, Rembrandt and Guercino among 100 pieces from the 16th and 17th centuries. Ends April 20.

Museum of Modern Art. In advance of its arrival at London's Hayward Gallery in November, the first retrospective of the work of Andy Warhol since 1970 surveys all his work from the 1950s, covering the Campbell's 1950s, covering the Campbell's Soup cans, silkscreens on canvas of Elvis, Jackie Kennedy, Marilyn Monroe and other movie stars, as well as paintings and numerous self-portraits, Ends May 2.

Washington

Washington
National Gallery of Art.
Cézanne: the Early Years.
Already seen at London's Royal
Academy of Art and the Musée
d'Orsay in Paris, the exhibition
comprises 65 cils and 35 drawings showing Cézanne's proto-impressionist techniques from 1859
to 1872. Ends April 30.
National Gallery. More than 160
objects from the Fitzwilkiam
Museum in Cambridge include
paintings by Titian, Guercino.

April 7-13 Rubens, Van Dyck and William Blake. In addition illuminated manuscripts, ceramics and bronzes, Ends June 18.

Art Institute. As part of a national tour, 67 rare ancient Greek sculptures, bronzes, and painted terracotts trace the development of the human form in art from the tenth to the fifth centuries BC. Ends May 7.

National Museum. Screen Paintings of the Muromachi Period (1834-1573). The Muromachi Period corresponds to the Renaissance in Europe and much of its art was produced under the influence of Zen Buddhism. Closed Mondays. National Museum of Western Art. Masterpieces from the Vatican. A somewhat random selection of paintings and sculptures, chosen to demonstrate the development of western art from ancient Greece to the Renaissance. Closed Mondays. National Museum of Modern Art. Odilon Redon. A major retrospective featuring more than 200 paintings, prints and drawings by the great French Symbolist, attractively arranged by subject matter (monsters, angels, pathor than changes).

ist, attractively arranged by subject matter (monsters, angels, apparitions etc) rather than chronologically. Closed Mondays.

Hara Museum, Kitashinagawa.

Hara Annual IX. Recent works hara Annual IX. Recent works by ten young and upcoming Jap-anese artists: an opportunity to view trends and developments in contemporary Japanese art. The museum was removated recently. It is closed on Mondays. **SALEROOM** Attractions of Islam

The series of sales of Islamic works of art in London this week is going rather well. This sector has had its problems in recent years but yasterday morning Sotheby's brought in £785,983 with less than 15 per

The star lot was an Ottoman gilt copper chanfron of the 16th century, which sold for £99,000 as against a top estimate of £30,000. A chanfron is the piece of armour worn by a horse to protect its head, and this exam-ple carries the mark of the Ottoman Court Arsenal. The same collector paid £38,500 for an Ottoman silver gilt bowl, six inches in diameter, dating from the reign of Suleyman the Magnificent in the early 16th

Magnificent in the early 16th century.

Another active private buyer paid £27,500, three times forecast, for an Iznik pottery dish of the late 16th century, splattered with reds, blnes and greens, and £22,000 for a similar dish. The sensation of the sale was the price of £23,100 which secured an Armenian ewer, carrying the date 1179, or 1765 AD. It is cobalt hlue and doubled its estimate. This is a rara item, hut Armenian rara item, but Armenian ceramics have rarely sold for more than £1,000 in the past.

An Ayyubid silver inlaid brass ewer hase, probably made in Syria in the early 13th century, fetched £20,900. An interesting item was a mid

18th century ceramic lemon squeeser, in hlue, virtually identical in shape to today's squeezers. The Turks consumed great quantities of lemon juice in the preparation of lemon sherbet. This example, one of only half a dozen of its type known, quadrupled its forecast at \$3.850 forecast at £3,850.

A minor print sale at Chris-tie's hrought in £153,450 in the morning session with just 6 per cent unsold. The Milkmaid, a 1510 engraving by Lucas van Leyden, tripled its estimate at £4,400. There were some impressive

rices paid at Christie's major jewels auction in New York on Tuesday which totalled \$21m.(£12.4m). The top price was the £1.14m paid by Graff of London for a single stone fancy blue diamond ring with a blue diamond weighing 7.05 carats. The National Art Collections The National Art Collections Fund has made a substantial donation of £100,000 to the Usher Art Gallery in Lincoin which is trying, by June 1, to raise the £1,922,250 needed to keep Benjamin West's portrait of Sir Joseph Banks in the UK. Banks, a local Lincolnshire landowner, was a companion of Captain Cook on his voyage to Australia and the leading scientist of his day and the NACF contribution should gal-

NACF contribution should galvanise the appeal. Antony Thorncroft

FINANCIAL TIMES

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Thursday April 13 1989

The US oil conundrum

THE ALASKAN oil spill has sharpened to a razor's edge the debate over whether to open the Alaska National Wildlife Refuge to drilling by the oil industry. This is an area of unique natural beauty, but it is also one of the world's last high potential, unexplored basins.

The dehate has, however, done little to focus attention on bow the US is to construct a satisfactory energy policy. The US's dependence on imported oll is growing rapidly. Too much should not be made of this fact, however. It is questionable whether American security will be adversely affected, at least as long as it has access to other sources of oil in the Western bemisphere. The impact on the current

The impact on the current account should not be exaggerated either, though it implies an enhanced effort to produce exports and import substitutes elsewhere in the economy. Such adjustment should he possible in the longer term. After all, it is industrial countries with no oil — such as Japan and West Germany — that bave strong current account positions today.

Toe priorities for the longer term are to develop and use the US's resources efficiently, while minimising adverse effects on the environment, The priority for the shorter term is to limit instability in demand. Accordingly, the US needs to remove fiscal distortions adversely affecting the production of oil, while making greater use of consumer taxes on petroleum products, to smooth demand and constrain its growth.

High oil prices

President Bnsb took an important step in January when he proposed improving incentives for oil production. Until now, benefits granted under certain tax provisions have been seriously diluted or erased under other provisions aimed at obtaining minimum tax payments. The rules were fixed in an era of higb oil prices, the aim being to squeeze revenue out of the oil industry.

industry.

Faced with an unresponsive system of oil taxation and operating in an era of unstable and weak prices, the big oil companies are redirecting their explo-

Many independent companies bave gone out of businsss. What is needed is not subsidisation of oil production, but a tax system that allows better recovery of the costs of oil exploration and production.

exploration and production.

Nevertheless, it is on the demand side that action is most needed. The simplest measure would be to raise the federal gasoline tax. Gasoline is now so cheap and gasoline consumption so small a proportion of personal income that US consumers have grown insensitive to prices.

Reducing consumption

There is a growing consensus that gasoline consumption ought to be reduced, for both environmental and economic reasons. The principal current method of encouraging this change is to mandate higher average fuel economy standards for car makers (though this programme slipped during the Reagan years). But the programme is a cumbersome distortion of the market. It places an unnecessary hurden on automobile companies, which can build small, efficient cars, hnt cannot seil them at a profit. Higher fuel costs would be a much more effective and appropriate incentive.

There would, of course, be unattractive consequences. An increased tax on gasolins consumption would be regressive, and would also have an uneven impact across the US. But these economic costs would be more than outweighed by the benefits: in particular, the tax would contribute significantly to raising new revenues for the US Government (about a billion dollars a penny gross)

lion dollars a penny, gross).
So far as opening the Alaska
National Wildlife Refuge to
exploretion is concerned, the
technology exists to allow
exploretion and production
while causing little long-term
harm to the environment. The
cost would be enormous, and
the regulatory regime to
enforce environmental protec-

enforce environmental protection would be onerous.

Acceptance by the oil companies of such constraints would be one indication of whether the area is as promising as claimed. The problem is that the oil companies first have to be trusted to do what they promise, something that may he impossible following the Exxon Valdez disaster.

The price of glasnost

THE HEAVY pressure needed to integrate the more than 100 nationalities which occupy the 15 republics that make up the Soviet Union, and to dissolve the potentially explosive gases of nationalism, is never more evident nor more dangerous than when it is being released. The Soviet Union is showing all the symptoms of a particularly acute attack of the bends. The nationalist eruptions already seen in Armenia, Azerbaijan, Estonia and now, Georgia, may be only a mild foretaste of trouble to come.

Taik of the disintegration of the Soviet Union is probably unnecessarily alarmist or at least premature hut, as is becoming daily more evident, the dangers should not be underestimated. The safest place for a patient suffering from the bends is a decompression chamber where the easing of pressure can be controlled to minimise pain and risk.

minimise pain and risk.

Heartening though it may have been to see the Sovlet Union conducting an unexpectedly free election last month with the electorate joyfully thwarting the Communist Party, the ensuing rush of fresh air is not belping President Gorbachev to subdue his already over-exhilarated people. Street violence in Armenia and Georgia still prompts the old knee-jerk reactions of the pre-Gorbachev era: the use of troops and curfews providing a clear indication of the inability so far of political reform to strengthen and stahilise the Soviet state or to educate either to its people or its leaders in the ways of democracy.

Peaceful resolution

President Gorbachev, following in the reformist wake of Nikita Khrushchev, cannot be unaware of the risks ahead and of the over-riding need to display calm and unshakeable confidence in the effectiveness of his reformist policies despite the absence of overnight results. His next task must be to construct a decompression chamber for Soviet society—an atmosphere in which there is no room for violence or lawlessness either in the upholding of official policy or in the expression of dissent; providing a structure within which

nationalist aspirations can find legitimate expression and representation; and institutions for the peaceful resolution of conflict arising from age-old rivalries between the more than 100 nationalities.

Nationalist eruptions in Armenia, Central Asia and the Baltic states have provided useful pointers to the Gorbachev administration's ability to deal with what is increasingly seen as the major challenge facing the eastern bloc in the coming decades.

Chain reaction The imposition of martial

law in Nagorno Karabakh as the Gorbachev answer to the Azeri-Armenian conflict suggests that the present Soviet leadership has a long way to go and much to learn if it is to survive the big challenges. Regional squabbles and power struggles in the Caucasus, the Baltic states or the central Asian republics do not strike at the structural heart of the Soviet Union. But a chain reaction of nationalist explosions across the three hig Slav republics — Russia, Byelorussia, and the Ukraine — would be an entirely different matter; a crisis which there is no reason to believe the present lead-

ership is capable of controlling.
The Soviet elections have boosted Mr Gorbachev's international standing not only hecause of the convincing majorities enjoyed by his supporters hut equally because of the uninhibited, fearless way the voters took to the streets to proclaim their political allegiances. This indicates a new degree of trust between rulers and ruled in the Soviet Union.

The use of military force on the streets of Toilisi, or in the resolution of future conflicts between society and state, will not strengthen that trust. It can only undermine the confidence in Mr Gorbachev's determination and ability to build a new state that was so evident

during the election campaign.

Finding a formula which will reconcile the interests of the Soviet state with those of its constituent Republics and nationalities is likely to prove as difficult a task for Mr Gorbachev as he faces in the economic sphere.

Christopher Bobinski in Warsaw on the new political landscape

vents in Poland have moved so fast in the past few weeks that many people are finding it hard to get their bearings. Take the secret police, for example. On Monday a police colonel had been told, as usual, to stop Mr Leszek Moczulski, the bead of the radical KPN gronp, from bolding a press conference.

Usually on such occasions the colonel is waiting inside to turn the journalists away when they arrive. On Monday he was late, and the press conference started without him. Finally, he arrived to tell everyone to leave — but he did it without conviction. After all, a few days earlier, on April 5, roundtable agreements had been signed with Mr Lech Walesa and Solidarity, once denounced as dangerous radicals. Who was to know if the KPN wouldn't soon be just as respectable?

In the end, everyone left. But the colonel's hesitant manner

In the end, everyone left. But the colonel's hesitant manner gave Mr Moczulski a chance to say that his group would be running in the elections agreed as part of the round-tabls

This package of reforms promises, at the very least, to change the country's political landscape. As the secret policeman's behaviour indicates, it is already changing the psychological atmosphere. And, with the Soviet leadership under Mikhail Gorbachev apparently prepared to accept the changes, there are no hints of pressure on Warsaw to modify its policy, no rumble of tanks on Poland's frontiers, no minatory visitors from Moscow. Indeed, the travel is likely to be the other way. Mr Lech Walesa, Solidarity's leader, says he wants to visit Moscow to explain the Polish situation. (The requisite invitation has yet to come; his first visit will be to Rome instead, to see the

Meanwhile, it is not at all easy to divine how far Poland's political changes will go. The round-table agreement brings Solidarity back as a legal trade union, along with Farmers' Solidarity and the NZS independent students organisation. A new parliamentary chamber, the 100-seat senate, is to be set up alongside the present 460-seat Sejm (pronounced "same"). Poland is also to have a strong executive president. Elections to the new parliament are to be beld on June 4. The authorities are banking on the fact that Solidarity will bave very little time to organise. The elections to the senate

the fact that Solidarity will bave very little time to organise. The elections to the senate are to be free, if not entirely fair. Two senators are to be elected from each province (three from Warsaw and Katowice). With the nrhan provinces in a minority, the arrangement favours the countryside and the small towns. Here Solidarity is weak. The authorities bope this will give official candidates a better chance.

As for the Sejm, the authorities struck a deal with Lech Walesa and his negotiators that 35 per cent of the seats will be allocated for non-party candidates to compete among themselves for. The rest will be divided up among the established parties, led by the communists, who for the first time will not enjoy an absolute



mbers of a newly legal union: NSZ students in Warsaw

Poland's free vote

majority in the lower chamber. Both chambers, once constituted, will elect the President. It can be assumed this will be General Wojciech Jaruzelski, the present Party leader.

the present Party leader.

Last weekend, a group of academics and well-known artists who until now have acted as Lech Walesa's advisory committee agreed to front the election campaign for Solidarity. Union activists, who have yet to rebuild their organisation, are wary of the whole exercise. Lech Walesa, conscious of the pitfalls of getting too involved in the system, continues to repeat that be will not stand in the elections. Nevertheless, the meeting conceded that ultimate decisions on nominating the 260 candidates which the opposition will field will be in the hands of Mr. Walesa and the union's top leadership.

This means that Mr Moczul-

This means that Mr Moczulski, who wants to put up 50 candidates, will have to persuade Solidarity to give him some seats to fight, or he risks clashing with the union and splitting the opposition vote. Other gronps, such as the small Socialist Party, which are thinking of putting up a handful of candidates will have to do a deal with Mr Walesa's

At the election the opposition can rely on people to vote against well-known establishment names — as in the Soviet elections — but on little else besides.

"We have no structures, little money and scant access to the mass media," says Mr Bronislaw Geremek, a key figure in Solidarity. He was speaking to leaders of the NZS students union; its 30,000 supporters will be crucial in providing the campaign's infantry.

Also in Solidarity's favour is the power of its name, and the hope that voters will remember the names Mr Walesa tells them to vote for. Mr Andrzej Wajda, the film director who has agreed to run

Mr Andrzej Wajda, the film director who has agreed to run the Solidarity propaganda effort, explained the costs to the election committee. "I need \$60,000 (£35,500) for equipment and \$8,000 and zl 4.5m (£4,100) for the first two weeks," he said. "Remember a 15-minute video costs zl 5m," he added.

or the that two weeks, he said. "Remember a 15-minute video costs zl 5m." he added.
Ironically, given the Solidarity leadsrship's social democratic inclinations, Mr Andrzej Machalski, from the free market economic action pressure group, bas been asked to organise the campaign itself.
Meanwhile the Polish Gov-

Meanwhile the Polish Government is pressing ahead with its programme of economic change. It says it will close down loss making factories and costly coal mines, and promises to attract foreign investment through the new joint venture law. But with an eye to the elections and the 20 per cent burst in inflation since the beginning of the year, the Government is promising – for the moment at least – to hold back prices.

This puts it in a dilemma, because the signs are that meat production will fall significantly unless farm prices are raised. Farmers' protests began last month. By this week they had spread to 32 provinces. The countryside's political importance has been strengthened by the composition of the new senate. The Government is saying that farm procurement prices will be raised early next month, and price controls lifted soon

fter. This would end the monopoly over food distribution. But it would also mean that food prices for consumers would go up, presumably after the elections. If subcidies were to beremoved according to government plans then meat would cost some two and half times more than it does now.

more than it does now.

It can be assumed that wage increases would compensate consumers for the price rises, but nevertheless the operation risks provoking serious unrest. While the farming unions—both Farmers' Solidarity and the official agricultural trade union—support the policy, Solidarity and the official OPZZ trade union movement can be gracifed to resist.

Solidarity and the official OPZZ trade union movement can be expected to resist.

Indeed, both Solidarity and OPZZ, their rivalry increasingly fierce, recognise that inflation is now the main issue for the man in the street. They are at loggerheads on how to have falls in the living standards compensated.

dards compensated.

The signing of the round-table agreement was accompanied by some last minute drama reflecting the mounting rivalry between the two groups. Soldarity settled in the round-table discussions for a formula that reflects only 80 per cent of pay rises in wage increases; OPZZ wants 100 per cent compensation. Details of the compensation system are still to be worked out, and the dispute looks set to continue on the shop floor level as well.

There would be an economic

There would be an economic breathing space for the Government were the burden of servicing Poland's \$39bn of hard-currency debt to be eased. Western governments have welcomed the round-tabls accords and some, including the US, have hinted at the prospect of some \$250m of new trade credits.

Prominent western visitors like President François Mitterrand are expected in Warsaw in the coming months. Their arrival could be accompanied by some debt relief, although the Government this week warned Poles not to expect too much belp from abroad. Mr Jerzy Urban, the Government spokesman, urged them to rely instead on their own efforts to improve the economy.

The round-table accord has brought detente of sorts between the authorities and Solidarity, and officials are boping that this will stabilise Poland's political situation. "We are in control of social processes," said Mr Alexander Kwasniewski, an upandcoming young minister, at the close of the round table. He meant that in the past Polish leaderships had waited until crises were upon them before taking steps; this time, he implied, changes had been implemented in time to avoid a crisis.

But inflation promises to exceed 100 per cent this year and supplies of consumer goods will be low. The resulting popular dissatisfaction-could bring a serious setback for the authorities at the election, or serious unrest later in the year. In either circumstance, Lech Walesa and Solidarity could be forced by events to drop their present moderats approach. That would lead to an outright challenge to the communists' right to rule — with incalculabls consequences for Poland and the whole of Eastern Europe.

BOOK REVIEW

Birth of a US commitment

he fortieth anniversary of the signature of the North Atlantic Treaty has spurred a mood of re-evaluation on both sides of the Atlantic. The "Gorbachev factor" worries Washington. West Germany is divided over the re-updating, of Europe's nuclear defences. Nato seems irrelevant, its supporters frozen into the attitudes of the Cold War. The appearance of this volume of official British documents, covering the four months in which, in the aftermath of the North Korean attack across the 38th parallel, the question of German re-armament was first raised, will do nothing to resolve these worries. It provides, none the less, a fascinating insight into what was a critical period for British policy makers.

British policy makers.

No-one remembers now that for the first years of Nato's existence, there were no American troops committed to Europe's defence. What few US units there were in Europe were under orders in case of Soviet attack to hightail it for the Channel and the Pyrenees. Korea changed all that. But the American offer to commit troops to Europe's defence rather than to a second liberation, with which this volume is concerned, bas a pricetag, a German contribution to Europe's defence, in short the recreation of a German Wehrmacht only five years after D-day.

In military terms, nothing else made sense. Europe's only existing military forces, the armies of the Brussels Treaty organisation formed in 1948, could only defend the line of the Rhine, abandoning West Germany and the northern Netherlands. The Soviets had already endowed the East German state with a militarised police force, the Bereitschaften, quite capable of crossing over into Berlin or Western Germany and winning any resulting civil war. Britain proposed to allow the Bundesrepublik a similar force.

The American offer, arms,

The American offer, arms, equipment, men and monsy swept all this away. The British cabinet thought the price of German rearmament worth paying, as did all the other Nato states save France. The French cabinet, driven by the hard-line Socialist minister of defence, Jules Moch, did not. Out of the resultant deadlock there emerged the Pleven plan for a European army, with a European defence minister, a conspiracy between the European federalists around Jean Monnet and Robert Schuman, the French Foreign Minister, a scheme drafted without any consultation with the French military. German units were to be incorporated into this army at the regimental level.

The idea struck the British cabinet as lunacy. Churchill

The idea struck the British cabinet as lunacy. Churchill said that it would be "a stodgy amalgam." Bevin, ill and soon to die, saw something more simister, a new attempt to create a neutralist west Europe. He did not seem to have been

DOCUMENTS ON BRITISH POLICY OVERSEAS Series II, Vol III German Rearmament, Sept-Dec 1950 Edited by Roger Bullen and M.E. Pelly HASO, 230.00

aware that the American offer of troops was only intended as a temporary measure, until German troops could take their place. Attlee controlled Bevin: but the British cabinet could not, or did not, dare support the French against Washington, and Britain was driven further into isolation from France and from the European grouping out of which seven years later was to come the Common Market.

This superbly edited volume, the work of the late Dr Roger Bullen, whose death is a great loss to British scholarship, offers a fascinating picture of the interplay of personality, institutional fixed minds and the inner workings of the Whitehall machinery. We find the Treasury confronted with a carefully thought out proposal from Sir Oliver Franks in Washington, designed to avoid further financial dependence on America, just as carefully rejecting it on largely a priori grounds. We find Bsvin expunging from the record proposals to set up a German stay-behind guerilla warfare operation to operate in the event Soviet forces overran Eastern Europe. One misses only the picture of Soviet intentions and capability provided by British intelligence, and the reasons for the much greater sonrce of urgency which seems to have informed. London while leaving Washington and Paris untouched. Clement Attlee, here as elsewhere, emerges as much more than primus inter pares in a cabinet weakened by Cripps's

ington and Paris untouched.
Clement Attlee, here as elsewhere, emerges as much more than primus inter pares in a cabinet weakened by Cripps's loss and Revin's flagging powers. The volume ends with his triumphant-visit to Washington at the height of the Korean crisis and the assurances he then won that Anglo-American partnership remained the centre of western defence.

Such assurances meant different things to their American and British partners. Nor were they to endure in the form they were given; Americans made the transition from "Anglo-American" to "Euro-American" only too easily. But American forces remain in Europe to this day. And Nato is the shield behind which Europe has prospered. Britain, as so often, hundered on to what turned out to be the

Donald Cameron

The author is Stevenson Professor of International History at the London School of Eco-

only right course.

Buzzing Bauman

■ Bob Bauman, to use one of his favourite expressions, was feeling good yesterday. As one of the growing number of American managers who have made good in London he had helped to stitch up the deal which promises to put him in day-to-day charge of one of the world's biggest health-

care groups.

Bauman is an American marketing man who is chairman of Beecham, the UK drugs company. Always assuming yesterday's merger agreement with SmithKline Beckman of the US comes off, he will become chief executive of SmithKline Beecham, the mid-Atlantic enterprise that is due to emerge from the combined businesses.

Bauman came to Beecham nearly three years ago after it had lost its way in the early 1980s and a boardroom coup removed much of the old guard at the company. He had spent most of his career in executive posts at General Foods.

Tall, relaxed Bauman, who is 58 but looks considerably younger, comes with a well-established reputation as doer.

He wields his considerable charm to good effect in public. He has been known to make favourable comments about the British weather. But Bauman can also wield the axe behind closed boardroom doors. Bauman is credited with restoring profits and morale

at Beecham whose commercial

performance has improved sub

stantially.

He is also something of a specialist in management strategy. His fondness for the latest buzz-word may jar with his more measured British colleagues but his experience will come in useful in fusing the 70.000 employees of the merged

His chief preoccupation over the next few months will be to persuade the American shareholders of SmithKline, who may feel they have not

OBSERVER

come ont of it quite as well as those at Beecham, to back the deal.

Bauman's salary of about

Bauman's salary of about \$1m pnts him in the supericague but be elegantly sidestepped questions yesterday as to whether this would go up in view of his new role.

Lost illusions

Fifteen years ago to the day
I was in Beirut staying with
Lucien George, a Lebanese
friend who, at the time, was

friend wbo, at the time, was correspondent in the city for Le Figaro, the French daily. We sat on his verandah in West Beirut high over a chic Mediterranean beach club sipping jasmine tea and watching the country's idle and unconcerned rich lazing in the sun-

As we talked, news came in of a busfull of Palestinians ambushed in a Christian suburb of the city, the incident which has come to mark the start of the civil war. Lucien was virtually alone then in thinking that the killings could unleash the forces which have since caused the death of 100,000 people, untold devastation and the effective partition

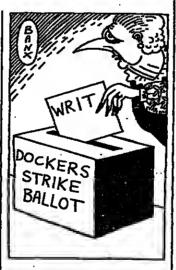
of his country.

I called him yesterday in East Beirut, the Christian enclave to which he bas moved and from where he now reports with measured judgment and not a little courage for the evening paper Le Monde.

evening paper Le Monde.

The four-day luil in the fierce artillery war which has been ravaging the city had ended an hour earlier with a vicious exchange across the line of partition. At its beight, be said, Syrian and Moslem militia gunners were firing three or four thousand shells a day into East Beight.

a day into East Beirut.
Schools on both sides have been closed since Easter. When they are not cowering in undergound shelters, children



play in the street. Lucien's 10 year-old son is safely at school in Paris and they talk when they can. To see his son he has to take the ferry from the Christian port of Jounieh, shells permitting, to Larnaka in Cyprus before catching a flight to Paris.

shells permitting, to Larnaka in Cyprus before catching a flight to Paris.

The two sides of Beirut are now hermetically sealed. Not even his press pass will get him to Beirut airport three miles away as the crow flies. "The impasse, both physical and political, is total."

Electricity supplies are down to one hour in every 24. Some profit from the chaos. British and Japanese companies are competing flercely for the growing market in emergency generators.

Over the years Lucien, like most Lebanese, has lost friends who have either been killed or kidnapped by one gang or another, never to reappear. The loss, be says, is hard to bear. What is even harder to bear, I suspect, is the lost illusion that somebody, somewhere will do something to save Lebanon instead of using

it either as an extension of their foreign policy or as a means of lining their pockets.

Art to art

■ Helene Ahrweiler, the new president of the Centre Pompidou in Paris and Elizabeth Estève-Coll, the director of London's Victoria and Albert Museum, should swap notes. Ahrweiler is facing the same turbulent start to her new job as head of one of the most famous cultural and artistic

institutions in Europe as the

gutsy Estève-Coll.

The Centre Pompidou, an architectural aberration of glass and rusting metal built 11 years ago and popularly known as "Beanbourg", has been shut down by strike action since the end of last month. Yesterday a breakthrough in the talks led to the suspension of the strike but that does not mean that Ahr-

that does not mean that Ahrweiler's problems are over. Frustrated tourists peered helplessly inside the closed glass doors through which pass, on normal days, about

25.000 people.

The strike is about pay and working conditions as well as fears over the future of the centre. Like her British counterpart, Ahrweller is proposing to tighten the management of the centre to make it more efficient, implying a more rigorous approach to the centre's \$41m annual budget.

But unlike the V and A con-

But unlike the V and A controversy, trouble was already brewing at "Beaubourg" well before Ahrweiler's appointment last February. Indeed, when she first arrived at the centre she was regarded by many of the employees as a female "Zorro".

female "Zorro".

Instead of appeasing the simmering unrest in the centre, her arrival appears to have fired it up. The Greek-born Sorbonne rector, a specialist in Byzantine studies, is now having to exercise her own byzantine skills to settle the conflict.

Alain Cass

On distinguishing the English Gentleman.



American gentlemen.

attempting to purchase

For the observant, there have always been ways to distinguish the Englishman from his American counterpart.

Visually, you'll note that the stripe of the tie (downwards from left shoulder towards

the right) is the mirror-image of the American. Verbally, the Englishman's braces, searf and turn-ups translate to the American's suspenders, muffler and cuffs. Which could explain the raised eyehrows encountered hy

suspenders in a gentleman's outfitters.

A chap's nationality, then, may be simple to spot. As to whether he is also a gentleman, well, no that score volumes

But we would suggest that, whatever a man's nationality, the presence of a Gieves & Hawkes label in his clothing is a reliable indicator of the inner man.



No. I Savile Row, London

The mark of a gentleman.

London: No. 1 Savile Row, W1 18 Lime Street, EG3 64 Cannon Street, EG4 Bath, Cheltenham, Chester, Edinburgh, Winchester.



by has there been a change towards greater pessintism about the UK economy and about sterling? In large part, it is because conventional opinion and mainstream forecasts — which are pretty similar both in content and in usefulness whether coming from the Treasury or outside — have begun to catch up with the degree of inflation already in the system. the system.

if we take the Treasury's as a point of reference – no more – we see that there was not only a big deterioration in projections for items such as inflation and the balance of payments between the 1988 Budget Red Book and the Autumn Statement in November. That was to be expected once the Treasury conceded that it had originally underestimated the strength of

There was also a further deterioranere was also a further deteriora-tion in the very short period between November 1988 and the March 1989 Budget Red Book. The expected rate of increase of the Retail Prices index during 1989 was raised from 5 to 6% per cent, despite the non-indexation of the specific duties which should have acted the other weer. The size of the acted the other way. The size of the forecast intervening bulge in the RPI — for which figures are due tomorrow — was also raised from 7 to 8 per

cent. The expected current payments deficit for 1989 – for what this is worth – was raised from £13hn to £14%hn. The forecast for real GDP was, on the other hand, trimmed back

was, on the other hand, trimined back slightly.

Has anything happened since the March 14 Budget — or more realisti-cally since the economic assumptions behind the Budget were formulated — that suggests further deterioration?

The most obvious change has been on the world scene. Contrary to gen-eral belief the more underlying or fundamental inflation indicators have eased back. For instance the Economist index of world metal prices, expressed in Special Drawing Rights, has fallen by over 10 per cent in the last month, and nearly 7 per cent in the last year. But for the moment this has been drawed by the last year. has been dwarfed by rising oil prices. The dollar price of Brent Crude, for instance, is nearly 30 per cent higher

than a year ago.

The oil price increase is heavily. influenced by special factors such as the Alaskan disaster, although there may also be an element of OPEC get-ting its act together. The cooling of commodity prices is clearly connected with the loss of steam in the US econ-

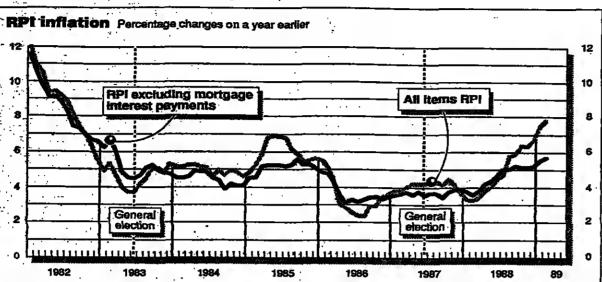
The boy who always cries "wolf" about the US economy is experiencing one of his occasional partial vindications, although it may still turn out to be a wolf cub rather than a real recession beast. At any rate my unsolicited trans-Atlantic advice to the Adminis-tration and the Fed about what to do

about it is: precisely nothing.

Perfectly stable growth without fluctuations is not a property of suc-cessful capitalist economies. A period of consolidation will give market forces some opportunity to rectify the famous US imbalances. The Washington Institute for International EcoECONOMIC VIEWPOINT

Same information, more worries

By Samuel Brittan



nomics' advocacy of a fall in the dol-lar to DM 1.30 and Y100, and of measures to stimulate demand further in Germany and Japan is worth its weight in gold as an example of what not to do. (Indeed gold may be the only acceptable way of buying the institute's study if it were followed.)

The main policy requirement is to avoid frenetic over-reaction. I have vivid memories of being in New York and Washington during the last serious growth pause — in the summer of 1986. Hard-bolled monetarists who had left Washington because policy was not tough enough were echoing Richard Nixon, saying that they had become Keynesian. Even Beryl Sprinkel, the Administration's most unrepentant monetarist, temporarily weight in gold as an example of what

pentant monetarist, temporarily swerved from a lifetime's convictions in the face of what he thought was hard evidence. The panic was all the greater because the preceding fall in oil prices had been expected to stimulate world activity.

oil prices may been expected to similar late world activity.

The roots of the worldwide resur-gence of inflation lies in the loss of nerve at that time — not ffierely in the US - and not in any temporary reaction to the October 1987 stock market crash, as the Finance Minis-ters' trade union would have us believe. The time lags in the latter's interpretation are far too short to be

the US economy - as it is about the British - is not how far it will slow down, but how far it needs to do so to put a lid on inflation. In other words, how much are labour demand and company utilisation above that consistent with stable inflation, let alone

a fall in the underlying rate?

As the Bank of England has made clear, observers of the British economy are still clutching at straws. If

Declining profit margins are not a long-term basis for lower or even stable inflation. Eventually any squeeze must work its way to labour costs

the March retail figures suggest a levelling off of sales, the pronounced deceleration of the Treasury's beloved M0 will give it wider significance. But if the March retail figures follow the February ones upwards, Mo will be laughed out of court.

The Achilles heel in Britain is the labour market, for which we will have a fresh set of statistics today. At the Treasury Committee's examination of the British Chancellor, Nigel Lawson; I found Mr Anthony Beaumont-Dark's anecdotes about how much retailers

extra workers far more illuminating than the chewing over the forecasts and the models which other members of the Committee seemed to favour.

such behaviour ceases to dominate the labour scene. We simply do not know the unemployment rate consist-ent with non-accelerating inflation. The first downward influence on the underlying UK inflation rate will the underlying UK inflation rate will come from prices rather than earnings as profits are squeezed. For this to happen sterling has to be held almost at any cost. The foreign exchange reserves are here of more value for display than for major use; and if anything like a dock strike or a had set of trade flowers madermines. had set of trade figures undermines confidence, interest rates will have to rise, almost whatever the state of the

The key question is how much activity will have to be reduced before

real economy, But declining profit margins are not a long-term basis for lower or even stable inflation. Eventually any squeeze must work its way through to

The inflation chart repeys careful study. For it shows considerable fluc-tuations over a range of 3 per cent to well over 5 per cent since 1983 even when the mortgage distortions are removed. It will therefore not be enough for the underlying inflation rate to be temporarily at say 3 or 4 Today the main uncertainty about were paying over the normal rates of per cent in the run up to the next

election. That will not be all that diffi-

To produce a real change of gear to produce a real change of gear towards a durable average inflation rate of 3 per cent — which is still a shade higher than thet of France — something more significant will be required, which will need an article to itself, although there are no prizes for guessing what it will say.

ha Traasury Committae cross-examination of Nigel Lawson proved, like most such long-awaited occasions, a disappointment. Amid much talk of the need for a further rise in interest rates and the visible evidence of a need to dip by more than £1bn into the reserves to sustain sterling in March, the Committee spent most of its time trying to catch the Chancellor out on numbers and forecasts and failing to do so. The Chancellor, for his part, instead of using the occasion for an exposition of economic strategy (which we are always told bores the floor of the House of Commons) was content to stonewall and give the impression that he would have been happy to do so all evening if Sir Terence Higgins had not brought the pro-ceedings to a halt.

The trouble is that this Committee is more booked on forecasts and for-mal models than the Treasury itself a fixation that puts MPs at a disadvantage against trained officials and a Chancellor who knows his material.

It is time to recognise that these mainstream forecasts, whether they come from the Treasury, or Treasury watchers outside are a snare and delusion, because they let us down at turning points when they are most needed.

The news that the Chancellor will now be responsible for the Central Statistical Office as well as the Treasury is a disaster - and for the oppo-site of the reasons usually given. (One critic remarked that - in view of Mr Lawson's occasional disparaging remarks about official data — it was like putting Herod in charge of policy for children.)

Neither the forecasts nor the official estimates for what has happened are infallible. It is extremely desirable that Ministers and others should occasionally cast a sceptical eye on them no doubt more often when the mesage is unwelcome, but such is life. But it will be more difficult in

future for a Chancellor who is in charge of all the numbers to play the role of public sceptic. Mr Lawson prohably knows the ropes well enough to get by; but a new Chancel-lor will find himself faced by a solid phalanx of CSO forecasters and other number crunchers, whose protector and political spokesman he will be cted to be.

Instead, responsibility should have been shifted in the other direction. By this I do not mean to the Prime Minister, who has enough to do anyway, but outside Whitehall altogether contracted to the private sector for a service fee, or at least given to semi-independent organisations at arm's length from Whitehall as occurs

The state of the s

LOMBARD

Waiting for BT to answer

By Hugo Dixon

BRITISH Telecom's directory inquiries service is a disgrace. The system is so congested that, according to a report last year by the Office of Telecommnnications, the industry watchdog, almost a quarter of watching, almost a quarter of calls do not even get a ringing tone. A further 3 per cent do not connect because of techni-cal failures.

This is only the tip of an iceberg. Few calls that get as far as a ringing tone are answered immediately. Furthermore, once a call is answered it takes an operator an average of 39 seconds to find the number a customer

The problem is that the present system cannot cope with the huge demands put on it. The result is waste of time, and frustration, for telephone

An obvious solution to the problem might be for BT to invest more in the service. The company already has a programme for computerising inquiries; it could add clever features to improve efficiency further. One idea, already com-mon in the US, would be audio announcements, where a computerlsed voice answers requests for numbers.

On its own, however, such an approach would not work. BT's experience of modernising its directory service so far has a Tantalus-like quality to it. The more it modernises, the more people want to use it, but little impact is made on congestion.

Usage is growing at 7 per cent a year – double that rate in Londou. Some mail order companies have employees, compiling mailing lists, contin-ually on the telephone to the operator; the most extreme example of this is a company which asked for 250,000 numbers in one go.

Another snag with the obvious solution is that it is diffious solution is that it is diffi-cult to see how BT could be persuaded to pump more money into its inquiry service. It already costs £150m a year, or 25p a call. BT has little incentive to improve it if the upshot is simply a higher bill because people use it more. BT's interests may actually be served by running the service down, to deter people from

The solution is to charge cal-The solution is to charge cal-lers an economic price for using the service. That would give BT an incentive to mod-ernise inquiries, as well as being an efficient deterrent to over-usage. Customers unwill-ing to pay would look up the number in the telephone book, while these who really wanted while those who really wanted assistance would get a first-

class service.

The extra revenue should not, of course, be channelled into BT shareholders' pockets, hut returned to customers through lower telephone bills. In that way, people who use the inquiry service rarely – mainly residential customers would not subsidise those who use it often - mainly businesses. The best approach

would be to cut the cost of international and long-distance calls, which are both much higher than they ought to be. There are signs that this

would be popular with customers. An NOP opinion poll conducted last year found that 52 per cent of those asked thought charging for inquiries was a good idea, provided there were compensating cuts in other telephone costs.

The main argument against charging for inquiries is that it would be equivalent to a restaurant requiring its customers to pay for a menu, or a railway company charging for train time-tables. Companies should provide information, which encourages people to use their service, for free, the argument goes. Charging for that infor-mation is bad husiness.

The analogy does not apply to directory inquiries. The cost of supplying a menu is very small compared with the cost of a meal, so the restaurant stands to make a profit hy providing menus free. By contrast, the cost of finding a telephone number is more than BT can expect to earn from a single call, and so it faces a loss by providing a free service.

BT knows these arguments. Indeed, the company has often said that it believes charging is right in principle. Even so, it has been holding back ou charging - apparently fearful of a public outcry. Nevertheless, with most of its customers supporting the idea, BT should have the courage of its convictions, and charge.

LETTERS

Breaking up BR

From Mr G.P. Cooper.
Sir, Your article exploring the various options in the potential privatisation of Brit-ish Rail (April 10) shed light on the way interested parties are trying to counter the incheste thoughts of Mr Paul Channon's Transport Department.

Such analysis — as demon-strated, perhaps, by Mr. Chan-non's reference to pre-nationalisation arcadia - cannot escape 150 years of industrial history. The publication of proposals for a rail track authority (April 12) may give some focus; it is almost certainly the only option available if Mr Channon wishes to break up BR.

Interestingly, the Railways Companies Association (a source)

Companies Association (a sort of pre-nationalisation CBI of the railways) proposed the establishment of an indepen-dent track authority to try to stave off the post-Second World War Attlee government's aims. It failed, of course. But unless privatisation is to be an absolute giveaway, this solution is the only way to break up BR's

operational bureaucracy.

This is not so much as to provide competition among the operators; multiple companies vying to operate individual trains on, say, one stretch of line, would create an opera-tional and bureaucratic night-mare. But it does offer the prospect of hreaking np BR into its husiness sectors and regional units, enforcing opera-tional efficiencies which would have to come from organisa-tions hidding for licences to operate specific routes.

To refer to the re-introduc-tion of competition on the lines of the old "Big Four" railway

companies is to deny the history of the last 40 years. The arguments for privatising ER as a discrete unit lay largely in

acceptance of its cost structure, with its high proportion of fixed costs and the advantages of uniform operating systems. Types of rolling stock and the like do not really mat-ter, but basic infrastructures such as signalling systems must be uniform, to enable inter-regional operation. The Great Western Railway is the best example of uncoor-

dinated planning it lived with Brunel's broad gauge for the first 60 years of its life, until the advantages (and economies of scale) of standardisation forced its board into expensive change, Similarly, on electrifi-cation, BR has the inherited Southern Railway system of 750v DC., versus the standard 25ky AC overhead system that exists elsewhere. (Therefore, for Channel Tunnel workings the existing third rall systems will either have to be dual elec-trified or solling stock designed to run on both systems.)

Bob Reid, BR's current chairman, has greatly improved its operational efficiency by his sector management philosophy. But the sectors do not make individual, discrete privatisation units, because of the enormity of shared cost allocation with the cost allocation make the cost allocation makes the cost allocation make tion problems. The basis of cost allocations between provincial, inter-city and freight sectors would have to reflect more appropriately the actual costs incurred.

Paul Cooper, South Norlington House, Lewes, East Susser

CSO powers expand

From Mr J.L.T. Davies.
Sir, The announcement about the future of the Central Statistical Office (FT; April 6) seems strangely at odds with the Government's view of its role in other areas of the economy. The CSO is to have more money, more people and greater powers to compel pri-

vate industry to report infor-mation, in the belief that this will improve official statistics.

Much of the information supplied to the government statis-tical agencies often has to be specially prepared for this pur-pose, outside the — generally very efficient - management information systems which most companies and organisations now have.

mation produced in this way is often incorrect. The CSO hordes about to be unleashed on British industry are unlikely by themselves to improve matters.

What is required is a more humble approach: designing reporting requirements which can be built into existing management information systems, where proper monitoring of information can and does take place. Thus the aggregate sta-tistics for the nation as a whole will be improved dramatically without imposing substantial extra burdens on industry and commerce. J.L.T. Davies,
World Bureau of Metal Statis-

27a High Street,

Debt reduction guidelines

From Professor Mike Faber. Sir, It is said that every politician has his price. Thank heaven if each stood forever on his "principles," we would never get sensible compro-mises on snything. The proper principle to apply to support for schemes of debt reduction by the international financial institutions (IFIs) is that this should only be done at the

right price. I suggest four guidelines:

I suggest four guidelines:

The quantity of debt extinguished (or the present value of the reduction in future interest liability) as a result of an Brissched huyback (or converse). Er-backed buyback (or conver-sion) must be sufficient to improve the quality of that if a existing loans to the coun-IFT's existing loans to the country by at least as much as the risk element in the nominal increment to the IFT's exposure to that country. If that criterion is not met, the quality of the HT's own credit standing will decline — in the interest neither of the borrowers nor of the IFT's main shareholders.

The rate of return on the new loan to the borrower (in terms of interest and principal obligations reduced) should exceed the prospective forex rate of return from any alternative new project by at least a native new project by at least a factor of two; and the price at which, the buyback or the debt-for-fully-guaranteed swap would be executed should

never be more than a small margin above the price previ-ously prevailing in the secondary market.

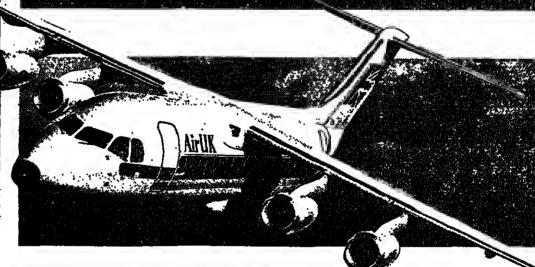
The prospective discounts to be achieved through such

conversions or guarantees in respect of the commercial bank debt of any sovereign debtor should be sufficient, with other measures, to offer the prospect of extinguishing that country's

any hank's lending policies prior to 1982 were so horrendously mistaken that even 12 years of patient treatment can-not clear up its balance sheet, that institution does not

where the banks are domiciled must accept substantial reductions in bank earnings. Any Treasury should balance such Treasury should balance such potential loss of revenue against any additional calls which may arise from the IFIs. If something approaching these guidelines cannot be realised out of the Brady proposals, the UK Chancellor of the Exchenger will be gight in the Exchenger will be gight in posais, the UK Chancellor of the Exchequer will be right in maintaining his principled objection to the transfer of LDC debt from the private to the public sector. But if it meets these guidelines — and any such scheme is likely to involve the commercial banks accepting larger discounts than Wall Street or the City are looking for — that will be the time for the Chanceltor. to take the principled decision that the price is right.

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'My target is public transport'

From Mr Steven Berry. Sir, I am increasingly impressed by the imaginative schemes put forward by your readers, to ease traffic congestion in London. My own target uon in London. My own target would be public transport. I recently monitored a three month period during which 69 per cent of all the trains I tried to catch were either cancelled or severely delayed. In fact (to the eventual amusement of the passengers) one particular train from Uxhridge to the City on the Metropolitan line was cancelled every day for three weeks without explanation.

Repeated letters of complaint

to London Regional Transport

result in a long wait — before being foibled off. But the dan-ger of artificially over-crowded trains and stations should not be under-estimated. Is it not time to take pre-emptive action, before another disaster

And when I have an impor-And when I have an impor-tant early morning meeting, I have no choice but to leave my 6856.00 rail ticket at home and drive into the City, thus contri-buting to the traffic conges-tion. It is the only way to ensure I arrive on time.

Steven Berry, Englefield,

It is not surprising, there-fore, that the aggregate infor-

debt burden overhang in not more than five years. That will take us to 1994. If

deserve to survive. If sovereign debtors — in despair — start to repudiate, tax authorities of jurisdictions

Mike Faher, Institute of Development Studies, University of Sussex, Brighton.

FINANCIAL TIMES

Thursday April 13 1989



Fujitsu to spend £400m on UK chip plant

By ian Hamilton Fazey in Newton Aycliffe and Terry Dodsworth in London

BRITAIN pulled off one of the higgest inward investment coups of the decade yesterday when Fujitsu, the Japanese electronics groups, announced plans for a £400m (\$676m) semiconductor plant in north-east

England.
The project, which should create 1,500 jobs in Newton Aycliffe over a five-year period, dwarfs most of the other manufacturing investments by Japanese companies in the UK. Fujitsu, which is to receive

£30m Government aid for the project, is the world's sixth largest semiconductor manu-facturer, with worldwide sales last year of \$2.4bn.

The decision to move into Enropean mannfacturing means that the UK has attracted each of the two Japa-nese companies that have so far invested in the key produc-NEC, the lergest Jepanese semiconductor company, with sales last year of \$4.5bn, estab-lished a plant in Scotland some

years ago.
Fujitsu is following NEC into memory chips and intends to start production early in 1991 after expenditure of some £200m. It will bave some 300 employees. After that, it aims to move swiftly into more spe-cialised custom-built products,

where it is currently the world

Mr Tony Newton, Trade and Industry Minister, claimed that the plant would have "valuable spin-off benefits to the electronics sector in the UK." He expected the investment to help Britain's trade balance by increasing the country's chip

exports, and reducing imports.
Fujitsu's move, partly
prompted by fears that Europe may become more protectionist with the development of the internal market programme in 1992, is expected to be followed by similar decisions from a variety of other Japanese com-panies.

Several other semiconductor groups are believed to be con-sidering production elsewhere in Europe, and Toyota, the largest Japanese car company, is expected soon to announce a decision to invest around £800m in Derbyshire in the UK. Without these latest invest-

ments, the UK hes so far received ahout £1.5bn in inward investment projects involving 100 Japanese companies and generating some 25,000 jobs. According to fig-ures from the Japan External Trade Organisation, Europe has attracted investment of

The increasing attention

that the Japanese electronics companies are now giving to Western Europe is expected to put further pressure for rationalisation on European compa-

lies.

It will have a bearing, for example, on the proposed acquisition of the Plessey group in the UK by the General Electronic Company and Siemens of West Germany. Siemens, the only indigenous European dynamic memory chin producer has been one of chip producer, has been one of the most forceful exponents of the need for the European elec-tronics industry to develop an alternative supply of chips to the Japanese and US.

GPA group \$15bn of aircraft

By Kleran Cooke in Dublin and Lynton McLain in London

GPA GROUP of the Republic of Ireland, one of the largest and fastest-growing aircraft leasing companies, is expected to announce next week one of the biggest batch of aircraft orders ever placed, worth about \$15bn.

aviation history."

and New York.

McDonnell Douglas aircraft.

now held by the Western world's big three manufacturers and would involve both wide- and narrow-bodied air-

Delivery of the aircraft will e over seven years up until

the GPA deal, including the top three manufacturers, Rnlls-Royce of the UK, and General Electric and Pratt & Whitney of the US.

tium, which includes Japanes companies and the Franco-US CFM International group of engine makers will also been

The group is taking delivery

than \$1bn.

The group is expected to annuunce net profits for 1988-89 of \$150m, up from the 1987-88 figure of \$101m.

The group has indicated that it could go public in the not-too-distant future. At present Mr Byan holds 10 per cent of GPA's shares. Other big share-holders include Air Canada, Aer Lingus, Mitsubishi Trust and Banking and the Prudential Insurance Company of America.

to announce

Mr James King, chief operations officer of GPA, formerly Guinness Peat Aviation, said about 200 aircraft would be bought from Airbus Industrie, the European consortium, and Boeing and McDonnell Douglas of the US.

Mr King said: "The manufac-turers tell us this would make it the biggest aircraft order in

The formal amouncement is to be made simultaneously next Tuesday in London, Paris

Last September, Delta Airlines of the US placed a \$10.5bn order with options for a total of 225 Boeing and

Mr King would not give spe-cific detials, but said the order would reflect the market share

Several aircraft engine man-ufacturers will be involved in

In addition, the Interna-tinnal Aero Engines Consor-

GPA at present nwns 172 aircraft with e net value of about \$3bn. The group is oper-ating with 64 carriers in 32

of one new aircraft a week.

GPA is a privately owned group fnunded in the mid-1970s hy Mr Tony Ryan, a man

who describes himself as "just a Tipperary farmer."

The initial share capital of the group was \$50,000. A recent Salumon Brothers report valued GPA at more than \$100.

Ten Commandments to solve a crisis

Lionel Barber on the clash of plans to tackle the US thrifts debacle

DELAY in passing President George Bush's rescue plan for the Savings and Loan industry would risk undermining the Group of Seven's confidence in US economic policy, Mr Nicho-las Brady, US Treasury Secre-tary, said at a recent congres-

sional hearing.
This must have surprised his fellow finance ministers who would put this issue very low on their list of concerns. For Mr Brady, however, the G7 has assumed the role of bogeyman in his struggle to persuade Congress to give the President at least one policy victory. On this occasion, however, there seems no need to frighten Congress: everyone agrees the S&L debacle must be tackled urgently. They disagree on how to do it.

The cost of the clean-up is now estimated to he about \$157bn, against \$90bn when the President launched his rescue plan only two months ago. The revised figure stems from e more realistic essessment of future interest rates, and the admission by the Administra-tion that \$20bn of the cost was hidden by the Bush plan's higher insurance premiums, which are counted in the bndget as revenue but which can-not be used for anything other than bank rescues.

The upsbot is that television has presented the S&L mess as a \$500 charge on every US citizen; the General Accounting Office has said that the main cause of the losses is crime; and the industry, which has traditionally bankrolled mem-bers of Congress with heavy campaign contributions, finds that its friends have suddenly lost their voices, despite an enlarged army of professional

There are two main issues between the Adminstration and Congress, both of which are likely to be rehearsed dur-Committee hearings to consider e rival plan sponsored by Senator Don Riegle, the Michigan Democrat who chairs the

The main difference between the Riegle bill and the Bush plan are that the Senator would call on the Treasury to borrow the funds required on its own account, rather than through the proposed off-hudget financing through the Resolution Funding Corporation (RefCorp). The senator claims



Nicholes Bredy, US Treasury Secretary, above right, and Mr William Seidman, chairman of the FDIC

dence to Congress that this plan would pose an impossible dilemma: if the funds were taken within the budget, it would be impossible to meet the targets for deficit reduc-tion, while to leave any Treasury borrowing off the Budget would create e dangerous pre-cedent which would alarm the markets - not to mention the

Group of Seven.
At the time the plan wes drawn np, immediately after the election campaign, Mr Dar-man argued that the real danwas political: he was worried that the Democrats might insist on putting the capital cost of the rescue on the bndget (the interest costs are charged to the budget under either plan).

This might enable them to create a fiscal crisis in 1990. and thereby torpedo Mr Bush's
"No new taxes" pledge in e
year of mid-term elections. Relations between the Administration and the Democrat-controlled Congress have since turned out to be a good deal more friendly, if not necessarily more productive, than was suspected after an ill-tempered campaign. Given the very tight constraints on the hudget, Mr Riegle's plan, which also enjoys support

well be approved. There is, however, disagreement over Mr Bush's plans for reorganising the regulation

among House Democrats, may



that this change would save and supervision of the indus-\$4.5bn in interest charges. Mr Richard Darman, Budget Director, has claimed in evitry. The President plans to put the new Home Loan Bank Board under the control of the Treasnry; hut the regional Bank Boards resent any threat to their independence, while Congress is suspicions of

White House control. The best hope of compromise may be to expand the powers of the Federal Deposit Insurence Corporation (FDIC), which managed the banking crisis of the mid-80s with great success and within its own

> effective regulator and political infighter, hut a man who thinks like the former business school dean that he is. Mr Seidtending there was no crisis.

resources. Mr William Seidman, FDIC

One of these was that super-visors should have the power

chairman, has earned greet prestige, and clearly enjoys it. A bald 67-year-old who is built like a truck and sounds as if he might drive one, he was recently asked to account for his rapid rise in influence. "I guess it's because I'm so handsome and charismatic," he

replied.
in fact, he is not only an man was offering a persuasive 10-point plan – "The Ten Com-mandments", as he modestly called it – at e time when the political world was still pre-

to close down problem thrifts before they are actually insolvent. This principle has now been accepted. The FDIC has hegun taking control of the worst cases under Mr Bush's interim plan — which also

abruptly halted the private sales to which the industry's previous regulator, the Federal Home Loan Bank Board, had been driven by its own lack of orders Meanwhile, the healthy part

of the industry is concerned above all to reduce the higher insurance premiums and capital requirements which would

be imposed under the Bush They argue that this would simply push many more S&Ls across the threshold of finan-cial crisis. It remains to be

seen whether any of the former friends of the thrifts in Congress are still willing to speak up for the industry. Mr Bush has signalled that he is prepared to veto any bill which is too lenient and seems ready to harness popular out-rage at the scandal as a threat against Congress. The betting

on Capitol Hill is that the two houses will have agreed on a measure by late June, and that, while the industry will get some concessions, they will not be enough to silence the complaints or risk e presidential veto. If Congress tries to go any further, then Mr Bush could have an excellent issue for the mid-term elections.

One thing is clear: whatever measure is passed will satisfy neither the industry nor some of its fiercest critics. These are the very same conservatives lation which made the disaster possible. The free marketeers now argue that the root cause of the trouble is the provision of federal deposit insurance, which under deregulation has become an incentive for weak savingshanks to speculate. They further argue that, if deregulation is to work, insurance premiums should be risk-based (one of the Seidman command

Many Congress members, on the other hand, would prefer to return to regulation, notably raising to 70 per cent or more the percentage of loans which must be committed to housing.
With the President publicly
committed to resist eny attempt to revive financial reg-ulation, there is still plenty of room for deadlock before a rescue is finally agreed.

Canberra risks A\$4.9bn budget hand-out

By Chris Sherwell in Canherra

THE Australian Government yesterday handed out A\$4.9hn (\$3.95hn) in tax cuts, increased social security payouts and productivity-linked pay rises.

The budget is likely to be the last before the next general election, expected before the end of this year, and involves a calculated risk of stoking an overheating economy.

overheating economy.

The package comes as Australia's inflation rate, current account deficit and external deht are rising sharply, but Mr Paul Keating, the Federal Treaaurer, insisted his strategy was the only one capable of tackling these problems while maintaining husiness activity and high employment.

These are measures of great substance, carefully directed to those who deserve them," Mr Keating said.

His assertions were chal-lenged by the Liberal-led opposition coalition, which said Mr Keating had failed to address the country's fundamental problems. It called the package a "cruel boax" because the benefits would be "gobbled up" hy inflation and interest rates.

There was little reaction in the financial markets, where concern over Australia's deter-iorating economic outlook bas risen recently, despite the Gov-ernment's tightening of monetary policy to damp surging demand. On the foreign exchanges and domestic futures markets, the package was said to bave contained no Surprises.

Mr Keating said the Government would alter tax legisla-tion to curh companies using offshore tax havens to evade

Australian tax. His tax cuts hring the lowest marginal rate down to 21 cents in the dollar from 24 cents, and the top rate to 47 cents. The cuts will be paid for out of the federal Government's budget

surplus in the current year of A\$5.5hn-A\$6hn.
Another A\$710m in increased family allowances and pension benefits is being funded with equivalent government spending reductions at both federal and state level.

The pey rise measures, agreed with trade unions, provide for earnings increases of 5.5 per cent in 1989.90 for work.

6.5 per cent in 1989-90 for work-ers who agree to improve flexi-bility, productivity and skills. The package, which benefits low-to-middle income families, is directed et the heart of the Australian electorate. Voters

surplus in the current year of

are due to go to the polls some-time before the middle of next year, but expectations have grown that Mr Boh Hawke, the Prime Minister, will call an

early election.

Mr Keating said last night that "this package could only be delivered by a Labor gov-

However, analysts argued that his strategy represented a gamble, reflecting his own lack of political latitude for manoeuvre. Mr Keating has preferred the risk of e further boost to the economy rather than backing away from some of the commitments made to unions so close to an election and et a time of falling popu-larity of the Labor Govern-

ment. Voters and analysts suspi-cious, Page 6; Lex, Page 20

LME to resume trading in tin

By Kenneth Gooding, Mining Correspondent, in London

WORLD WEATHER

LONDON Metal Exchange, whose prices provide a reference point for metals contracts worldwide, is to

start trading tin again on June 1 after a 3% year break. The announcement came as tin prices, which have already soared hy more than \$2,000 a tonne in the past eight weeks. moved above \$10,000 for the first time since March 1986. The LME suspended its tin contract in October 1985. This

followed the collapse of the

International Tin Council, an inter-governmental organisation of producers and consumers, with debts totalling \$906m. Complex litigation, which arose after the ITC collapse when its 23 member countries refused to honour its debts,

continues. The way was paved for the contract to be reintroduced once e complaint by Shearson Lehman Hutton, part of the American Express banking group, about the way the LME had dealt with the repercus sions of the collapse was rejected last month by the High Court in London.

Mr Christopher Green, LME chairman, said the decision "in no way changes our strong view with regard to the respon-sibility of the ITC member countries to right the wrong that resulted in the suspension of the tin contract."

Commodities, Page 34

The answer lies in the chemistry

The most important question about the proposed merger of Beecham and SmithKline is also the hardest to answer. The details of the financial engineering will be immatarial after six months, and the industrial fit looks in principle impeccable. The real task is to produce a unified corporate culture: in other wards, to make it all work in terms of

management.

The intention to produce a pure merger seems ganuine, and there are evident attempts to produce a balance. The new company will be based in the UK, but SmithKline comes first on the letterhead; the board will be equally drawn from both companies, and UK and US ahareholdars will have equal weight. But the executive structure has a 60/40 feel to it. Beecham provides the chief executive, tha head of research, the finance director and the personnel director. Besides supplying the chair-

man, whose role seems to consist mainly of public and investor relations, SmithKline fills only one really powerful post—the head of prescription pharmaceuticals, which is half the merged business.

Like juint ventures, full mergers are tricky territory, the more so if they are cross-horder. Shell and Unilever each retain UK and Dutch boards, and have elaborate constitutional checks and balances. Asee/Brown Bovari

might be thought e precedent, but one might ask how much of its culture will remain Swiss rather than Swedish, The likely tendency is for Beecham to dominate SmithKline. But perhaps this can be handled: Beecham's top management already has a strong American flavour, SmithKline morale will be low in any case, and Mr Bauman is just the man to

impose formal structures and

make them work.
Financially, the deal has the same feel to it a pure merger in form, with little or no premium for control, and a slight hias in Beecham's favour. In essence, Beecham's favour, and a slight the new commany and get half the new company and £1.3bn in cash, while Smith-Kline shareholders get the other half plus a mixture of cash and spun-off equity worth, at e rough guess, £1.4bn. Applying Beecham's own multiple to the new com-pany's pro-forma earnings, the whole operation produces a total valua of around £9.5bn compared to a combined market capitalisation at present of just over £9bn — and a value for SmithKine shares uncan-

nily close to yesterday's \$63%.

Share prices relative to the FT-A All-Share Index 1600 1400 AND THE PARTY OF T 1200 1000 RMC Group 800 400

1979 81 83 85 87 89

Equally, bnying Beecham shares at yesterday's 615p, on a historic 18% times earnings, would buy historic earnings in would buy instance earnings in the merged company on an almost identical multiple. So it all comes down to prospects: e couple of years of fast growth from accelerated sales and reduced costs, and a question mark - in both managerial and product terms - five years out. There could still, of course, be some last-minute intervention: but the markets are no longer betting on that.

RMC Group

It is hard to see how RMC could have had a hetter year. The weather was on its side. and in a UK construction industry where output rose by a very healthy 7 per cent, RMC — the industry leader in ready mixed concrete - grew its own business by 18 per cent. Whereas Tarmac has been hit by its exposure to housebuild-ing and Redland is suffering from some of its earlier diversi-fication moves, RMC has stuck to its traditional businesses and is doing very nicely. Its US operations are not doing particularly well, but they are not big enough to damage earnings unduly. Doubtless there is an element of luck in its success; but with volumes growing by at least 5 per cent this year, a prospective multiple of 9 is undemanding unless RMC's growth is about to come to an abrupt halt; which seems unlikely.

Australia

The Australian Government seems to be readying itself for an election within the next twelve months. This is the only way that yesterday's economic statement makes sense. For a country which is running a chronic balance of payments

IN INTERNATIONAL INVESTMENT

deficit - and one of the high-est inflation rates in the world - to ennounce substantial tax cuts seems to fly in the face of sound finance. Whereas the Government had used praying statements with good effect to reassure the financial markets.

the latest measures are aimed at keeping the country's resitive trade unions happy.

The kindest interpretation is that the latest stimulus to demand will offset any economic slowdown which material nomic slowdown which materialises later this year. However, in nrder to maintain confidence in the Australian currency, short-term interest rates of 18 per cent ere needed. For the foreign exchange markets, the big fear must be that rates will be allowed to fall as elec-toral pressures mount later toral pressures mount later this year. For equities, the outlook is not quite so bad. The main worry is that Australia's tight monetary policy will push the economy into recession. However, the Australian market has substentially underperformed the rest of the world so far this year, and e prospective multiple of 8 and a 6.5 per cent yield suggest that a lot of the bed news has already been discounted. already been discounted.

Tesco

- Tesco's figures yesterday did further damage to two popular notions about feed retailers: that the superstore craze will end in tears, and that high interest rates will force the nation to eat sausages rather than steak. In fact, there was no sign in yesterday's results of consumers cutting back. And with underlying volume growth of 2 per cent, tales of superstore saturation appear far fetched, or at least premature. In any case, the 17 per cent increase in earnings yes-terday showed that growth in terday showed that growth in volume is only a small part of performance. Never mind volume; still only half of Tesco's turnover comes from the new stores, in which margins are 2 percentage points higher than the present average; and as the other, half is converted, the company should manage pretty safe Sainsbury-style earnings growth in the high teens for growth in the high teens for the next couple of years at

Of course, the effect of the interest rate rise on the housekeeping may have merely been delayed, and maybe Tesco's accelerating opening pro-gramme is rash. But yester-day's 23 per cent rise in the dividend tells another tale, and the 5p rise in the shares, to 158p, shows tha market inclined to believe it.

THIS IS OFTEN THE SHORTEST DISTANCE BETWEEN TWO POINTS.

No-one with a serious interest in intern investment should take our name - Kuwait International Investment Company - at face value. Given the increased scope and geographical readth of our activities, it is more appropriate to

think of us as an international merchant bank, than as simply an investment company. For instance, we manage and erwrite new issues on a world-wide basis in a variety of currencies and enjoy a close working relationship with most of the world's major underwriong houses. We conduie to develop our already considerable expertise in international stock and bond markets, in particular our international equity portfolio, which we have substantially upgraded.

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FINANCIAL TIMES



INSIDE Health, wealth and happiness?



was waiting for yestarday with details of the merger between Beecham of the UK and SmithKline Beckman of the US. Peter Marsh looks at the proposed new SmithKline Beecham, which would have annual sales of about 23.7bm, and is being heraided as "a major global force in the healthcare industry," by Bob Bauman, chief executive-designate. Page 29

Bourses begin to bite back



The European Community's stock exchanges are belatedly trying to present a more unified front towards the European Commission in Brussels, as they face a string of new legislative measures that could seriously affect the way many do business. Top-ics on the agenda include indirect taxes,

takeover bids and insider trading. But after a meeting with Sir Leon Brittan (left), the Europeen Commissioner responsible for stock exchange business, the bourses may be mak-Ing same progress. Page 27

US shows faith in Europe

Investment managers in the US believe the UK and continental Europe currently have the most attractive overseas equity markets. About two-thirds of the 72 senior US investment officers Interviewed by a New York-based research and investor relations counselling firm, thought 1992 and the removal of trade barriers represented a significant investment opportunity. By contrast, 64 per cent felt Japan's prospects were fair or poor. Page 43

Polly Peck meets its forecast Polly Peck International,



the agricultural, elecfronce and fextiles group headed by Asil ? Nadir, has nerrowly bester the profits foreest of £142.5m that accompanied a £133m

ber. In the event, it turned in a pre-tax figure of £144.1m for the 16 months to December 31, with Nadir saying he would continue to try to raise the quality of earnings and to reduce dependence on any single geographical location. Page 39

Market Statistics

European options exch FT-A indices FT-A world indices FT int bond service

42 London share service
27 London tradit options
42 London tradit options
43 Money markets.
44 Novie commodity price
42 World strick mict indice
42 UK dividends amounce Money markets.
New int. bond issues
World commodity prices
World stock mixt indices
UK dividends aurounced

22 Koor industries 23 Kredistbank

Companies in this section

AB Interfinans Arin Acorn Computer Addison Consultanty Aquascutum Group Arthur Anderson Audio Fidelity Avis Europe BDDP BMP Beecham Bond Corporation Commerzbank Gold Flaids Hay (Norman) Hewden Stuart Higgs & Hiff Hopewell Holdings

30 LET 30 Melaya Group
30 Mecca Leisure Group
26 Mersey Docks
26 Metal Closures
31 Minorco 31 Minorco
32 Motorola
32 Needler Group
23 Ocean Sound
22 Ocritico-Bushrie
22 Orkia Borregaard
31 Pearl Group
39 Pittard Garner
22 Polty Peck Inti
31 Porter Chadburn
22 RMC
32 Sema Group
26 Semperit Retten
30 SmithKline Beckma
30 Speciey Holdings
32 Storehouse
28 Strong & Fisher 32 Storehouse 28 Strong & Fisher 23 Suizer Brothers 32 Teeco 24 Volume

Chief price changes yesterday

TOXYO (Yes) 134 Wees 1516 + 140 124 Annals 1516 + 140 12 Annals Somble 1120 + 90 134 Northin 1360 + 136

| LOSEPORE (Peaces) | Pilco | 372 + 2 | Pilco | 372 + 2 | Pilco | 372 + 17 | Pilco | 372 + 18 | Pilco | 373 + 18 | Pilco | 373 + 18 | Pilco | 373 + 18 | Pilco | 374 + 18 | Pilco | 374

COMPANIES & MARKETS

Thursday April 13 1989

Nissan plans to double US capacity

By Kevin Done, Motor Industry Correspondent, in London

Daf sets date for

By Kevin Done, Motor Industry Correspondent, in London

£445m flotation

NISSAN, the second largest Japanese motor vehicle group, is to which will nearly double its US production capacity to 440,000 range (known as the Sunny in Western Europe and Japan). It is now planning to add a second car product line, with production of a new medium-sized production capacity to 440,000 units a year. The expansion will bring Nissan's total US invest-

ment to more than \$1.25m.

The addition at Nissan's Smyrna, Tennessee plant is a further step in the rapid expansion of Japanese motor groups' capacity in North America which is expected to reach about 2.5m units a year by the early 1990s. Nissan has already committed some \$760m in investment at Smyrna. It began production of pick-up trucks in 1983 and in 1985 added the Sentra passenger car

SHAREHOLDERS in Daf, the

Dutch commercial vehicle maker in which British Aerospace has a

40 per cent stake, are expected to raise £270m to £280m when the company goes public on the Lon-don and Amsterdam stock exchanges in June.

Close to 65 per cent of Dar shares are expected to be offered at a price which will value the company at about £445m (\$752m).

Three-quarters of the available shares will be sold in the UK and

Under the flotation timetable announced by Daf yesterday, the company will issue a preliminary

prospectus nn May 2 together with an indicative range of offer

The final prospectus including the will be published, and appli-catious will close on June 2.

Trading will begin on June 5. BAe, Daf's largest single share-holder, could raise about £100m

It only paid £150m last year to take over the whole of Rover Group, including the Daf stake, from the UK Government, which had injected £547m into Rover to wipe out much of its debt.

BAe and other major Daf

shareholders, the van Doorne family and DSM, the recently partially-privatised Dutch chemi-

partially-privatised putch chemi-cals group, are to reduce their existing stakes by some 60 per cent. Small shareholders such as Amsterdam-Rotterdam Bank, and

Infifon, a Dutch venture capital

fund are expected to sell their entire stakes. BAe will remain

the largest single shareholder

with 16 per cent. The issue will offer the first

chance to invest directly in a

the Benelity countries.

from the flotation.

duction of a new medium-sized car scheduled to begin in the

car scheduled to begin in the summer of 1992.

Nissan currently sells the Stanza (sold in Europe as the Bluebird and in Japan as the Auster) in this market segment in the US, but it is expected that this range will be replaced in 1992 by the new car to be produced in the US.

Nissan is planning expects to

Nissan is planning capacity to produce up to 200,000 units a year of the new range, which will bring the total vehicle assembly

Daf was in fourth place in the European market for trucks above 3.5 tonnes gross vehicle weight last year, behind Daimler-Benz, Iveco, and RVI It was marginally ahead of Volvo.

The company, which took over the Leyland truck and Freight

Rover van operations from Rover in April 1987, produced 55,767 vehicles, including 20,508 vans, in 1988. It more than doubled net

profit to F1147.1m (240.6m) from F1 63.1m in 1987, while turnover rose by 37.7 per cent to F1 5.2bn. Daf is expected to be protected from hostile takeover bids by vartous devices available under butch expected law a true ties.

Dutch corporate law. A two-tier board structure is a one such

The supervisory board, whose main role is to nominate the management board, is bound to

act on behalf of all stakeholders

in the company, which are deemed to include the workforce,

dealers and suppliers and not

just shareholders. The supervi-

sory board itself co-opts new

The lead bank for the flotation is the Amro Bank, which will

also be responsible for the issue in the Benelux countries. The issue is to be handled by S.G. Warburg Securities in the UK, while Credit Suisse First Boston will handle it in other markets,

In parallel to the disposal by existing shareholders, DAF is

still considering a limited issue of

new shares to raise about £40m to help fund its future expansion.

form of a private placement to institutions, while shares will also be made available to small

investors in the Benelux countries. In addition, Daf is also considering an employee share scheme for its 16,500-strong workforce, which could include the

The UK issne will take the

most importantly Switzerland.

units a year.
In the year to March 1989, Nissan produced 214,586 vehicles in the US. Production of the Sentra totalled 119,074, while output of the pick-up totalled 95,512. It said the expansion at Smyrna, near Nashville, would add about 2,000 jobs to the existing workforce of

some 3,200. Nissan also makes some com ponents at Smyrna and engine assembly is due to begin in the summer this year with an initial output of 12,000 units a month. Nissan achieved a 50 per cent local content ratio in the US in the year to March 1988, but this

Mecca alters

Hard Rock

By Andrew Hill in London

INVESTORS in Britain's Mecca

Leisure Group will enjoy the main benefits of last year's £750m (\$1.27bn) takeover of Plea-

surama in 1990, according to Mr Michael Guthrie, Mecca's chair-

Mr Guthrie, who said the bid

would cause some earnings dilu-tion in 1989, yesterday had to defend Mecca's results for the 15 months to December 31, which

showed pre-tax profits of £30.3m

- some £4m lower than most City forecasts. Mecca's shares

The bingo, holiday camp and nightclub group finally won its bid for Pleasurama, a catering and casino business three times

Mecca's size, in October, and it

made a two-month contribution.

Mr Guthrie said the period
between September and December – which brings the companies' financial years into line –
had included the slack holiday

period and coincided with some dull trading in Pleasurama's

and everyone had their heads down over that. All these things

meant additional challenges for

meant additional challenges for management," he added,
But he said integration of Pleasurama, and rationalisation of both groups — including 100 redundancies — had already realised £5.5m of annual savings,
Mecca has renegotiated the terms of Pleasurama's acquisition of the Hard Rock Coff.

tinn of the Hard Rock Cafe

chain, which many believed would be sold. The deferred pay-ment is now based on continuing profits and excludes one-off prop-erty sales or royalties.

Mr Guthrie said Mecca would

continue to nwn and operate Hard Rock in the US and Lon-

don, but management of self-con-tained outlets npened elsewhere would be frauchised out.

This bid ran till the 59th day

casino busin

deal terms

is due to rise to about 75 per cent by 1991.

The Smyrna plant is also to supply all the main panel parts for a front-wheel-drive minivan that is being developed jointly by Nissan and Ford of the US.

The new "people carrier" vehicle, announced last antumn, will be produced at Ford's Ohio truck plant from late 1991 truck plant from late 1991. Nissan is rapidly expanding its

overseas production capacity and aims to build more than 25 per cent of its production volume outside Japan by the early 1990s. In Western Europe it is planning to invest a further \$400m in its car and commercial vehicle manufacturing activities by the early 1990s, in addition to the \$1.4bn already invested chiefly in

its 200,000 units a year car plant in the UK and its commercial vehicle operations in Spain.

Last week Nissan said that it had established a new company, Nissan Distribution Service, a 51/ 49 per cent joint venture with Nissan Motor Car Carrier, which

The new company is scheduled to begin operations in April 1990. Vehicle storage and pre-delivery inspection work in Europe is to be centralised at Amsterdam. Vehicles will then be shipped directly to dealers instead of to distributors. Nissan said the new system was aimed at reducing distributor inventory costs and at shortening delivery times.

French assemble Meccano buy-in

By George Graham in Paris

THE SAVIOUR of Meccano, the 88-year-old metal-construction toy, is to pass the torch. Mr Marc Rebibo, who took over

the ailing Meccano from Genera Mills of the US in 1985, has sold the company to a buy-in group led by Mr Dominique Dnvauchelle, whose construction experience was on a much larger scale with the French building group Bouygues.

Invented in 1901 by Mr Frank Hornby, Meccano's original Liverpool factory has been closed for years. In the past three years, however, Mr Rebibo has returned the French nperatinn, with its factory at Calais, to health and sales have climbed from FFr5m

in 1985 to FFr58m (\$9.2m) in 1988. Hornby, Meccano's sister company and maker of the celebrated Hornby model trains and Scalextric electric racing cars, has also had a chequered financial career, but recovered to a flotation on London's Unlisted Securities Market at the end of 1986.

French children have long been under the impression that Meccano was a purely French product. After the closure of the UK factory, bowever, Calais is reconquering the British market, which now accounts for about 30 per cent of total sales.

Meccano sets are also making headway in other English-speaking countries such as Canada and Australia, as well as in the US. where its lookalike competitor, Erector Set, has been withdrawn, Mr Rebibo, whose enthusiasm for Meccano remains undimin-

ished and infectious, says he began to look for a buyer because the company had reached a stage where, in order to expand, it needed a different style of man-agement. In addition, running the company is nn longer the "mission impossible" it appeared when he took over in 1985.

EVEN WHEN HE WAS A BOY HE HAD TO HAVE A BIGGER SET THAN ANYONE ELSE



MAR TENE ATT He will remain a board member of Meccano.

Meccano will be taken over by a new holding company, Fina-mec, 51 per cent controlled Mr Duvauchelle's investment vehicle, Financière de Serble Management. A 40 per cent stake will be held by Initiatives et Finances, the French buy-out specialist which put together the deal, with 5 per cent each held by Initiative's shareholders, Charterhouse and Indosuez.

About a quarter of the financing is achieved through mezza-

ing is achieved through mezza-nine funding, using convertible and deferred bonds.

The three main aims are to boost the nverseas marketing effort; to develop sales of derivative products, such as Meccano brand clothing, which is to be tested in Marks and Spencer stores later this year; and to expand the company's plastic injection activities. Besides the plastic junior version of Meccano, it makes components for other toymakers as well as for motor and electrical equipment groups.

Eastern talks on verge of collapse

By Anatole Kaletsky in New York

MR PETER Ueberroth's deal to buy Eastern Air Lines from
Texas Air seemed on the verge of
collapse yesterday morning,
after an acrimoninus all-night
bargaining session between the representatives of Eastern's stri-king unions and Mr Frank Lorenzo, the Texas Air chairman.

Amid conflicting statements from Eastern's management and lawyers dealing with the bankruptcy proceedings, it became clear that the main sticking pnint concerned Mr Limenzn's personal role.

Emboldened by a court ruling in Miami on Tuesday night, which confirmed that the strikes against Eastern were legal, the nnions were insisting that Mr Lorenza be removed immediately from any management role at Eastern as a condition for a return to work.

With the apparent backing of Mr Ueberroth, union leaders pressed Judge Burton Lifland, presiding over the Eastern bankruptcy, to appoint a trustee to take control the airline's assets. pending completion of the sale. This demand was inrefully rejected by Texas Air. Mr Lorenzo seemed to believe that he still beld some strong cards in the bargaining nver Eastern's immediate inture because of his exclusive right, under US law, to propose an initial reorganisation

scheme for the bankrupt airline. The tension between the two sides and the increasing irritation apparently felt by Judge Lifland became apparent yester-day morning, when Eastern's president, Mr Pbli Bakes, tnid reporters that the deal with Mr Deberroth and the unious had been "called nff" and that a formal aunooncement would be made shortly by Mr Lorenzo.

A few bours later, the Eastern news conference was abruptly cancelled, apparently in response to a personal instruction from Judge Lifland. The judge had repeatedly stressed throughnut the bankruptcy proceedings that his highest priority was to get Eastern's aircraft flying again as soon as possible and there were indications that he might management to achieve this.

Judge Lifland ordered attor-

neys representing Texas Air and Mr Ueberrotb back luth his chambers for further talks. "I don't think the deal is definitely off - all you can say is that there is no deal right now and the parties are still talking," cnm-mented Mr David Boies, the lead bankruptcy lawyer representing Texas Air shortly after the start of the new negntiating session.

leading Western European truck company. Other leading truck makers – Mercedes-Benz, Volvo, Iveco and Scania – are parts of larger groups. Renault Vehicules Industriels is state-owned. Good ship Sanko returns from the edge of the world

Robert Thomson looks at plans to put life back into the once-proud Japanese tanker operator

issue of free shares.

COURT-APPOINTED custodiaus of Sanko Steamship, once the of Sanko Steamship, once the world's largest tanker operator and, later, the largest Japanese company to collapse in post-war history, have produced a restructuring plan that symbolies the return to the Japanese commercial fold of this one-time mayerick.

ises the return to the Japanese commercial fold of this one-time maverick.

While the plan calls for the non-payment of 97.72 per cent of the Y65.8hn (\$3.23m) owed by Sanko and three affiliates, a company official said the proposal would not have been made public without a nod of approval from the line's three main bankers, Dalwa Bank, Tokai Bank and Long-Term Credit Bank.

The Sanko collapse, and the subsequent application for court protection in Angust 1985 under the Corporate Rehabilitatinn Law, Japan's variant of the US Chapter 11, were precipitated by the banks inwillingness to keep pumping funds into the ill-fated operator. This was despite the company's strong political ties and the tradition of keeping alling companies afloat.

The three banks have good reason to harbour bitter memories of Sanko. Apart from having to write off an estimated Y233bn in loans and guarantees, the executives and directors of the banks

loans and guarantees, the execu-tives and directors of the banks had their salaries and bonuses cut by up to 25 per cent for six months, a not uncommon Japaness way of apportioning blame and assuming responsibility. In fact, most of the nutstanding In fact, most of the nutstanding loans were written off long ago, and a foreign banker aware of the substance of talks between the company's custodians and the banks said that Sanko is "really a new company with a new image," and suggested that the banks involved are now keen to see how profitchle the new

to see how profitable the new



Former deputy Prime Minister Toshio Komoto: Sanko's largest shareholder before its collapse

"It has never been a question of the banks getting a fair share. If you said that 50 per cent of debts would be covered, it would be just picking a figure because the money is not there. You have got to look at what can be earned. It is a very straightforward problem," the banker said. A Tokai Bank official said the restructuring plan, likely to be submitted to the court in July and formally presented to creditors in November, is "hard on the bankers," but "we want to try to help the company." Daiwa Bank and LTCB had no comment on the plan. Daiwa's nntstanding loans and guarantees were estimated at Y94bn. LTCB's at Y79bn and Tokai's at Y60bn.

An analyst from a British bank said the proposals are typical of

how "Japanese banks rally around" trnubled companies though the losses incurred would hardly dent the reserves of the banks involved. "The great lesson to learn from the Japanese system is that it seems to be superior when it comes to a crisis. The Japanese banks have already written it off, and now they should be able to get a tax

they should be able to get a tax break on the debt."

At its peak, the nld Sanko had 240 vessels and a workforce of 2,400, and had as its largest shareholder and founder Mr Toshio Komoto, former deputy Prime Minister and a significant force in the complex factional politics of the ruling Liberal Democratic Party. The company, long considered an ontsider in Japan for ignoring official guid-ance to the industry, collapsed after ambitiously embarking on a shipbuilding and rate-cutting campaign, which peaked as the

under the restructuring plan, announced last Friday and to be refined in coming months, the

said the proposals are typical of its aggressive former life. -

TORAY

Toray Industries, Inc.

bas acquired

the polyester filament fabrics business of Samuel Courtauld

which will be renamed

Toray Textiles Europe

Courtaulds plc

We acted as financial adviser to Toray

S.G. Warburg & Co. Ltd. S.G. Warburg & Co. (Japan) Ltd.

Volvo sells oil trading subsidiary

By Robert Taylor in Stockholm

VOLVO, the Swedish motor and food group, is selling its lossmaking oil trading operations covered by its subsidiary, Scandinavian Trading

Company, to AB interfinans, a Swedish finance corporation. The sale all but eods Volvo's involvement with the oil husiness. Its one remaining link will be its 20 per cent stake in Saga Petroleum of Norway. which it has held since 1983. Eighteen months ago Volvo sold off its 49.9 per cent stake in Hamilton Oil for \$393m.

The acquisition does not for the moment include J S Saba Continent, the Dutch fruit trading company, in which Voivo owns 50.2 per cent. However, negotiations are to continue over this part of the business biggest company.

ness, for Volvo is keen that Saha should he included in Interfinans' acquisition.

This sale will come as a relief to Volvo. The oil side of the company has been a disas-ter from the beginning," said Mr Mikael Sjowall, an analyst at Kleinwort Benson, the UK merchant bank, yesterday. "It comes as no surprise," added Mr Gunnar Andersson of Svenska Handelsbanken. "The oil husiness was contributing nothing to the company's per-

Observers of Volvo believe that the retreat of the company from risky oil ventures will enable everybody to concentrate more single-mindedly on

Interfinans, which has interests in the Swedish steel indus-try and finance, has also had many years of experience in oil trading. "We are convinced that we will earn money from STC," declared Mr Karl Eric Aman, chief executive of Inter-

finans, yesterday.

He stressed that continuing co-operation with Volvo through a five-year agreement on future international trading activities was an important factor in the acquisition. "STC's economic position is very strong. The company has high liquidity."

It was also announced yes-terday that STC is to have Mr Jan Danielson as its chief executive, a post he held with Volvo from 1984 to 1986.

During much of the 1980s Volvo has experienced serious problems with its trading company, which covers oil and fruit Last year STC's recorded sales fell by 29 per cent to SKrlihn (\$1.71hn) and its losses amounted to SKr35m. The fruit trading side of the business has been showing a profit, but the oil side had an estimated loss of around

SKr200m in 1988.
The 50-year-old STC was bought by the Better group in the 1970s and then sold to Volvo in 1980 but with the drop in world oil prices it has not turned out to be such an attractive proposition. In 1983 it recorded losses of SKrl.2bn, although it made a modest profit in 1986 and 1987.

'Satisfactory' result for Commerzbank

COMMERZBANK, West Germany's third biggest bank, showed a 43 per cent fall in group partial operating profits last year to DM1.05hn (\$534.5m). However, group full operating profits, which include grains from trading on include gains from trading on own account, rose hy just under 5 per cent to an esti-

mated DM1.31bn.
The fall in partial operating earnings came despite a 4.8 per cent increase in group interest earnings to DM2.97bn and a 2.3 per cent rise in group fee income to DM993m. However, the increases failed to compen-

sate for the 8.3 per cent jump in personnel costs to DM1.97bn, reflecting an expansion of 680 in staff numbers to 27,320. The result, which was the third best in the bank's history, was "thoroughly sansfac-

tory," according to Mr Walter Seipp, chief executive. The div-idend is being maintained at DM9 a share.
Business in the first two

months of this year had declined only marginally from the sharp growth trend seen towards the end of last year, during which group total assets rose by 11.6 per cent to

DM180.4hn. Although lending margins remained under pressure, interest income in the first two months of 1989 had increased, while fee earnings had risen sharply. Mr Seipp hinted that Com-

merzbank would soon be join-ing Deutsche Bank and Dresdner Bank, its two bigger rivals, hy hecoming more closely involved in the insurbusiness. The hank's plans could involve buying an equity stake in a life insurer. The bank again increased its provisions for sovereign debts,

sions, which under revised German tax rules must now be reallocated over a three-year period. Overall, the bank allocated some DM235m to reserves, up from DM176m in 1987, while group net profits rose to DM489m from DM423m. Mr Seipp used the opportunity to issued a stiff ettack on nity to launch a stiff attack on the Bonn Government's record towards the financial sector, which he said were "half-hearted," and compared unfavourably with the much more pro-finance policies followed by some of Germany's neighbours,

Metals group optimistic

By Andrew Fisher in Frankfurt

METALLGESELLSCHAFT, the West German metals, chemicals, and industrial plants group, expects a further rise in profits in 1988-89 after a sharp increase in the year to September 30, 1988, Mr Dietrich Natus,

the chairman, said.
Group earnings in the first six months were well above the targeted level and that of the same period of the previous year. Turnover was 30 per cent higher, after allowing for dis-posals, with earnings showing a similar rate of increase.

However, Mr Natus said the rises in turnover and profits could not he expected to remain as steep over the whole

year. To a large extent, the improvements reflected increased metals trading husiness, with rises in both prices and volume. But metal prices

were now below the exagger-ated levels of previous months. In 1987-88, Metallgesellschaft lifted net profits hy 55 per cent to DM155m (\$83m) with turnover up 14.3 per cent to DM15.2hn. The increases stemmed from both increased group business and the inten-sive cost-cutting and restruct-uring efforts of recent years. Earnings per share totalled

Krupp slides into the red

By Our Financial Staff

FRIED. Krupp, the West
German Industrial group, yesterday reported a net loss of
DM202m (\$107m) against a net

making unit, which said on
Tuesday that its net earnings
soared to DM118m from DM5m
in 1987. profit of DM41.8m in 1987. Krupp said that "structural changes at the steel unit and continuing problems at the plant-engineering division" had depressed the results,

despite an improved perfor-

mance at its steel-making divi-

The company said it had operating income of DM217m in 1988, an increase of almost 30 per cent over the DM175m in DM22.5 against DM14.5.

A dividend increase to DM8 from DM8 has been proposed.

the previous year. Most divisions made profits, the best being Krupp Stahl, the steel-

But the costs connected with the gradual shutdown of the Rheinhausen steel mill, which is part of Krupp Stahl, weighed on its books, Krupp said. The subsidiary had to make extraordinary provisions of DM285m to pay social costs to the displaced mill employees and to write off some of its

The plant-engineering unit, Krupp Industrietechnik, remained the group's higgest problem - it ended the year

rights issue to raise SFr55m

By John Wicks in Zurich

SULZER BROTHERS, the Swiss engineering group, plans to raise SFr55m (\$33m)

plans to raise SFr55m (\$33m) through a rights issue of new registered shares, as well as an unspecified sum by a participation certificates issue.

At the same time, shareholders at the company's May 18 annual general meeting will be asked to approve payment of unchanged dividends for last year of SFr100 per registered share of SFr1,000 nominal value and SFr11 per participation certificate and registered share of SFr100 nominal value.

registered share of SFr100 nominal value.

The rights issue foresees the offer of 20,000 new registered shares of SFr1,000 nominal value at a unit price of SFr2,750 and an as yet unspecified number of new participation certificates of SFr100 nominal value at a wice of nominal value at a price of SFr275. Both deals will be

based on a ratio of one-for-10. Over and above this, the board will ask for approval for the discretionary creation of further participation certifi-cates with a total nominal value of up to SFr2.8m. These would be reserved for such purposes as the backing of

future warrant and convert-ible bond issues. Consolidated net earnings of the Sulzer group were last year slightly higher than those for 1987 at SF179m (SF177m). After inclusion of new acquisi-After inclusion of new acquisitions, group turnover rose 17
per cent in 1988 to SFr4.63bn.

• Rieter Holding, the Winterthur-based parent company of
Rieter, the Swiss engineering
group, proposes to make its
registered shares available to
foreigners. This is the first
decision of its kind since Nestile opened its stock ledger to tle opened its stock ledger to non-residents last november. Rieter, which will in future

have voting capital consisting solely of registered shares, is to retain limits on share registration to keep at least two-thirds of capital and voting power in Swiss hands.
Rieter Holding has announced a sharp rise in

group profits for last year from SFri2m to SFr74m, fol-lowing an increase in consoli-dated turnover from SFr1.34bm to SFr1.7bn.

Sulzer plans Société Générale lifts 1988 earnings by 28%

By George Graham in Paris

SOCIETE GENERALE, the largest French private sector hank, has reported a 28 per cent increase in net profits for last year to FFr3.04bn (\$477m). Mr Marc Vienot, chairman, said net banking income rose by 8.4 per cent to FFr31.ibn, with earnings of the bank's portfolio of equity investments climbing 34 per cent to FFr5.5kn. "I think we can risk

the adjective 'good' instead of 'adequate'," he said. Not interest income rose by 4 per cent to FFr16.5bn, but commission and fee income stag-

nated at FFr8.6bn.
Commissions on stock market transactions fell by a third to FFr2hn in 1968 as the wave of transactions stemming from the French privatisation pro-gramme ended, and the stock market crash of October 1987 braked small investors' activ-ity. London capital market operations incurred losses of

The bank boosted its bad debt provisions by FFr4.68bn down from PFr5.07bn in 1987 and the sizeable provisions of FF77.2hn made in 1986 before its privatisation.

Mr Vienot said, however, that Societé Générale had also carried out foreign exchange cover operations and made pro-visions at the group level to cover the risks of banks in which it has invested.

These extra provisions covered for the most part European American Bancorp, in which Société Générale has a 28 per cent stake.

European American's provisions cover only 30 to 35 per cent of its country risk, well below the group's level of

Mr Vienot said that the bank's total stock of provisions on the 10 chief debter countries - including 79 per cent of its country risk - covered 57.6 per cent of its exposure.

Société Générale earlier this year warded off the assault of Mr Georges Pébereau, with anarmistice which Mr Vienot described yesterday as "an amusing little solution." After the break-up of Mr Pébereau's investment company, SIGP, 53 per-cent of Société Générale's capital is in the hands of what capital is in the hands of what Mr Vienot calls "concentrated shareholders."

The bank's own subsidiaries The bank's own subsidiaries have 8.9 per cent, followed by Calase des Dépots, the state financial institution, with 6 per cent, and GAN, the state insurer, with 4.9 per cent.
Six insurance and industrial groups have stakes of between 3.5 and 4.5 per cent, while Mr Viénot confirmed that Michelin, Pernod Ricard and Peu-

elin, Pernod Ricard and Peu-geot came to his ald during the bettle against Mr Pebereau by taking 2 to 3 per cent stakes. Société Générale la increas-ing its dividend by 13 per cent

Orkla raises stake in Elkem

By Karen Fossil in Osio

ORKLA BORREGARD, the Norwegian industrial and investment group, yesterday boosted its stake in Elkem, a leading Norwegian light metals group, to 27 per cent from 16

per cent.
Orkia's move came a day after Elkem forecast a near five-fold increase in its first-quarter profits to more than NKr400m (\$34.6m) from NKr79m in the same period

last year. Before yesterday Orkia was already Elkem'a largest share-

holder. It had lifted its stake to 16 per cent from 11 per cent

The second largest shareholder in Elkem is Bergesen, Norway's leading shipping company, which has a 10 per cent stake.

Storebrand, Norway's alling insurance group, is understood to have sold its 6 per cent stake in Elkem to Orkla at market Orkla said: The backgroun for the purchase is (Orkla's) securities department's assess-

sent en interesting object for investment."

On Tuesday Elkem forecast on Tuesday at teem tonecast an increase in its equity capital to 30 per cent from 25 per cent during 1989. Considerable restructuring at Elkem and strong metal prices helped it bounce back to profit in 1988 after experiencing losses of NKri47m in 1987.

Profits for 1988 reached NKr659m before extraordinary items. A major cost cutting programme is on schedule.

Bond to gain control of China brewery

By Gordon Cramb

MR ALAN BOND, the Swan and Castlemaine XXXX leger baron, yesterday agreed a joint venture which will give him control of a brewery in Guang-dong province, providing an opening in the Chinese beer market.

Bond Corporation Interna-tional (BCD, the Hong Kong offshoot of his Perth-based group, said it would take "an

approximate 85 per cent share" in Hulzhou Brewing Company. Its partner in the 25-year arrangement is an entity of the Huizhou municipal

The granting of majority control to foreign participants remains rare in Chinese joint ventures, where the overseas side is commonly restricted to 49 per cent. BCI added that its

representatives would take five representatives would take five places on the seven-seat board.

It is injecting some US\$10.5m, which will help finance an expension of capacity to 50,000 tonnes a year from 15,000 tonnes. Liquid volume output was not given.

The brewery, 18 months old, produces its own aluminium panal, which it also sells to

cans, which it also sells to other beverage makers.

global scale.

PRELIMINARY RESULTS

	16 months to 31st December 1988	1987
Turnover	£967.1m	£380.8m
Profit before taxation	£144.1m	£86.2m
Profit after taxation	£119.6m	£69.6m
Earnings per share - Basic - Fully diluted	59.7p 54.5p	40.7p 36.4p
Net dividend per share	12.2p	6.3p

"We have again maintained an unbroken record of growth. It is the nature of this performance, no less than the financial results, which can be regarded as wholly satisfactory.

"The continued profitable growth of Polly Peck International is based upon the Board's strategy:

- to focus on raising the quality of earnings

- to concentrate expansion on Europe, North America and the Far East

- to reduce dependence on any one geographical location as a source of product, profit or sales".

ASIL NADIR Chairman



The contents of this statement for which the Directors of Polly Peck International PLC are solely responsible. have been approved for the purposes of the Financial Services Act 1986 by Stoy Hayward a firm authorised by the lastitute of Chartered Accountains in England and Wales to carry out investment business.

This advertisement is issued in compliance with the requirements of the Council of The International Stock Exchange of the United Kingdom and Republic of Ireland Limited ("The International Stock Exchange")



NOVA Corporation of Alberta (Incorporated with limited liability in the Province of Alberta in Canada)

INTRODUCTION OF **COMMON SHARES** TO THE INTERNATIONAL STOCK EXCHANGE

ISSUED SHARE CAPITAL (as of February 28, 1989)

Authorized Number	Type of Security	Issued and Fully Paid
Unlimited	Common Shares	245,621,570
Únlimited	7¾% First Preferred Shares	633,671
Unlimited	9¾% First Preferred Shares	728,526
Unlimited	9.76% First Preferred Shares	1,095,542
Unlimited	7.60% First Preferred Shares	2,123,000
Unlimited .	91/8% First Preferred Shares	3,997,700
\$150,000,000	Convertible Debentures	Not Applicable

NOVA Corporation of Alberta has three core businesses: petrochemicals, natural gas pipelines and petroleum.

The Council of The International Stock Exchange has granted permission for all the issued Common Shares without par value ("Common Shares") of NOVA to be admitted to the Official List. Dealings will commence today, Thursday, 13th April, 1989. The Common Shares are already listed on the Alberta, Toronto, Montreal and New York stock exchanges.

Listing Particulars relating to NOVA are available in the statistical service provided by Extel Financial Limited and may be obtained during normal business hours up to and including Friday, 14th April, 1989 from The Company Announcements Office; The International Stock Exchange, 46-50 Finsbury Square, London EC2A 1DD and on any weekday (Saturdays excepted) up to and including Tuesday, 2nd May, 1989 from:

Credit Suisse First Boston Limited 2A Great Titchfield Street London W1P 7AA

Cazenove & Co. 12 Tokenhouse Yard London EC2R 7AN

13th April, 1989



INTERNATIONAL COMPANIES AND FINANCE

Spedley crash sparks suspensions

By Bruce Jacques in Sydney and Stephen Fidler in London

EFFECTS of the failure of the Spedley group, Australia's lat-est corporate collapse, spread in financial markets yesterday

in financial markets yesterday as four more connected companias had their shares suspended and a National Companies and Securities Commission inquiry lookad increasingly likely.

First Federation Discount, an authorised short-term money-market dealer owned by Spedley, also informed the Reserve Bank of Australia that it was "withdrawing from its market activities for the time being." First Federation also repaid all outstanding loans from its clients yesterday. from its clients yesterday.
In London Mr Robert Dib-

In London Mr Robert Dib-ben, finance director for Kirk-land-Whittaker, the foreign exchange and deposit broker taken over by Spedley in 1963, said that Kirkland was carry-ing on business as usual at its eight offices worldwide. Mr Dibben said he was

Austrian tyre maker registers rise in turnover By Judy Dempsey

SEMPERIT REIFEN, the Austrian-based tyre manufac-turer, improved its perfor-mance last year and says it is on the road to success.

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1800

A. S. A. S. P. S. P.

Turnover for the company, 75 per cent of which is owned 75 per cent of which is owned by Continental of West Ger-many and the rest by Creditan-stalt-Bankverein, Austria'e largest bank, increased by 11 per cent to Sch7.3bn (\$551m). Net cash flow after tax rose 7.6 per cent to Sch551.6m.

Production of Semperit tyres at a factory just outside. Vienna increased by 185,600 units to more than 3.7m. Exports account for 70 per cent of turnower. of turnover.

Continental has until the end of the year to exercise an option to buy Creditanstalt's 25 per cent stake. It is unclear whether this will be taken up. Creditanstalt owns two thirds of the Semperit Holding group, of which the tyre company is a liquidator, and could not spec-ulate about likely corporate

ulate about likely corporate developments. Apart from its London business, Kirkiand has coffices in Amsterdam, Luxembourg, New York, Hong Kong, Bahrain, Jersey and Singapore. In the UK, brokers are supervised by the Bank of England. They are separately capitalised and are forbidden from taking positions as principals. For these reasons, there was little reaction in the foreign exchange market to Spedley's problems.

Spedley Holdings and its Spedley Securities subsidiary, the two main companies in the unlisted group, were placed in

unlisted group, were placed in provisional liquidation on Tresday at the request of their two largest creditors. These are Australian National Industries (ANI), the leading heavy engineering group, and GPI Leisure, part of the empire of Mr Brian Yulli, the businessman

who heads Spedley.

The four stocks suspended yesterday were in Bisley Investments Corporation, BT Insurance Holdings, Tulioch Lodge and West Coast Holdings, However, directors of ANI maintained that there was no need for suspension of its shares despite a stated exposure of at least A\$194m (US\$157m) to Spedley.

Shares in ANI lost a further 4 cents to A\$1.12 on Australian

4 cents to A\$1.12 on Australian stock markets yesterday—down almost 40 per cent on their 1968 high point.

But GPI, which is believed to have deally approach to Seed have similar exposure to Sped-ley, has had its shares suspended at the directors' request. The company's capi-talisation is a fraction of ANT's and its position appears worse because it has endorsed A\$165.7m worth of Spedley bills purchased by ANI and which are due for discharge

While the companies suspended yesterday are com-parative lightweights, they have connections with some well-known Australian business figures. Bisley is identi-fied with Mr Brent Potts, a leading Sydney stockbroker, while Tulloch Lodge is associ-ated with Mr Tommy Smith, a prominent raceborse trainer.

A strong connection also emerged yesterday between the Spedley crash and that of Rothwells, the Perth merchant bank formerly headed by Mr Laurie Connell.

The West Australian State Government Insurance Corporation, a main Rothwells crediration, a main Rothwells credi-tor, confirmed that it had incurred unspecified exposure to Spedley just before the Roth-wells collapse last year. This strengthens a previously tenu-ous connection between the two crashes based on a friendship between Mr Yuill and Mr Connell.

Hopewell in HK\$3.86bn issue

By Michael Marray in Hong Kong

HOPEWELL HOLDINGS, a Hong Kong property and construction group, is to raise HK\$3.86bn (US\$494.9m) through a one-for-one rights issue in one of the biggest fundraising exercises seen on the local stock market.

The bulk of the weekede relief

the local stock market.

The bulk of the proceeds will be used to finance two projects currently being undertaken by Hopewell—the 91-storey. Tower Hotel on Hong Kong Island, and a six lane superhighway linking Hong Kong to Guangzhou (Canton) in China.

Mr Li Kashing is supporting the issue through Cheung Kong Holdings, which is underwriting 13 per cent of the 1485m new shares on offer at HK\$2.60 each. Mr Gordon Wu, controller of the group, family

controller of the group, family members and Hopewell directors will take up their rights in full, accounting for another 60 per cent of the issue.

This leaves just over HK\$1bn worth of shares for the other underwriters, led by James Capel Far East and Wardley Corporate Financa. The announcement was welcomed in the market, where expecta-tions of a Hopewell rights issue have been depressing its share price for some months: Some HK\$2.5bn of the pro-ceeds are earmarked for land and development costs for the Tower Hotel, which when com-

Tower Hotel, which when completed will overtake the new Bank of China headquarters as Hong Kong's tallest building.

Another HK\$1.2bn will go towards phases one and two of the super-highway, which will cut travel tima between Hong Kong and other cities in the Pearl River delta on completion in 1993. The balance of the funds raised will be used as

funds raised will be used as working capital for the group.

The rights issue announce-ment was timed to coincide with the release of Hopewell's interim results, which showed a rise in net profits of 14 per cent to HK\$285.3m for the six months to December.

Turnover fell to HK\$663.9m from a previous HK\$772.4m.
The company published a net asset value figure of HK\$6.15 per share before the rights issue. Mr Li Kashing's appearance as an underwriter could signal closer co-operation between Cheung Kong and Hopewell in China, where Mr Wu has estab-lished a reputation as an aggressive player, despite run-ning into bureaucratic difficulties on the highway project at

one stage.

Hopewell finished building the Shajiao B power station in Guangdong province ahead of schedule, and is now negotiating to build another power station in the area. It also has an interest in the China Hotel in Guangzhou.

 Wing On, a department store and property group, reported a 50 per cent rise in 1968 net profit to HK\$135m while turnover increased 21 per cent to HK\$1.24bn, AP-DJ

Attributable profits, includ-ing a gain from the sale of a building, were HK\$148m, up from HK\$90m. The dividend totals 22 cents. Last year's payout, which included a 10-cent special dividend, amounted to 24 cents.

Maxwell bids to buy Jerusalem Post paper

By Hugh Carnegie

MR ROBERT MAXWELL, the MR ROBERT MAXWELL, the British publisher, plans to take advantage of a \$200m divestment programme agreed by Koor Industries, Israel's largest industrial group, with its creditors.

He is hidding for the Jerusalem Post, the English language daily newspaper controlled by ICC. an investment company

ICC, an investment company owned by Koor. Through his Bishopgate Investment Management com-pany, Mr Maxwell has also acquired for \$30m cash an 18 per cent stake in Teva Pharper cant state in leve rhar-maceuticals, one of Israel's top 10 companies. This was held by Koor until it was hived off this year to Koor's biggest Ieraeli creditors, Bank Haposlim and Bank Leumi. Teva had sales of \$211m last

year. It is Mr Maxwell's third Israeli investment in 10

Koor, owned by Hevrat Ha'ovdim, the national labour federation, has so far raised about \$80m from its sale of assets. The disposals were agreed as part of a package to rescue the company from heavy losses and debts of more than \$1.2bn.

Staff at the Jerusalem Post are concerned about the possi-ble threat to their independence. Other suitors include Mr Ayre Ganger, an Israeli businessman, and Mr Charles Bronfman, a Canadian inves

This announcement appears as a matter of record only.



Société Nationale des Chemins de fer Belges

Cross Border Lease Financing

Belgian Railroad AM 86 Passenger Trains

BFr 1,350,000,000

Citibank, N.A. acted as advisor, structured and arranged this transaction

December 1988

CITIBANCO

Marine Midland Bank N.A. U.S. \$125,000,000

Floating Rate Subordinated Capital Notes due 1994 For the three months 11th April, 1989 to 11th July, 1989 the Notes will carry an interest rate of 10% per annum with a coupon amount of U.S. \$26.54 per U.S. \$1,000 Note and U.S. \$265.42 per U.S. \$10,000 Note. The relevant interest payment date will be 11th July, 1989.

Listed on the London Stock Exchange

Bankers Trust Company, London

Agent Bank

Citicorp Banking Corporation U.S.\$250,000,000

Guaranteed Floating Rate Subordinated Capital Notes
Due July 10, 1997 Unconditionally Guaranteed on a Subordinated Basis by CITICORPO

Notice is hereby given that the Rate of Interest has been fixed at 10.5625% and that the interest payable on the relevant interest Payment Date, October 13, 1989 against Coupon No. 14 in respect of US\$10,000 nominal of the Notes will be US\$536.93.

Morgan Guaranty Trust Company of New York

The industrial Bank of Japan, Limited

Morgan Guaranty Trust Company of New York

The Industrial Bank of Japan, Limited

US WEST Financial Services, Inc.

Dominion Bank of Middle Tennessee

Wells Fargo Bank, N.A.

The Kyowa Bank, Ltd.

Sovran Bank, N.A.

Xerox Credit Corporation

The Fuji Bank Limited

Pilgrim Prime Rate Trust

Wells Fargo Bank, N.A.

by: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANC

INTERNATIONAL APPOINTMENTS

Viscount Davignon named as chairman of La Générale

SOCIETE Générale de Belgique, Belgium's largest holding company, appointed Viscount Etlenne Davignon as chairman in a move that had

been expected. Mr Rene Lamy, La Générale's former chief who held the post of governor, resigned with effect from this Tuesday. The company said it will propose at the next annual general meeting that Mr Lamy be made honorary governor of the group in recognition of his ser-

Viscount Davignon, formerly a director of La Générale and prior to that a European Community commissioner, was one of the few board members to survive the sweeping changes survive the sweeping changes in the holding company after a bitter takeover battle last year left Compagnie Financière de Suez, the French privatised financial group, in control. As part of the change, the

post of governor was abolished and replaced by a chief execu-tive, Mr Herve De Carmoy, and

* * *
BARON Paul-Emmanuel Janssen, chairman since the start of this year of Générale de Banque, Belgium's largest sion of all American Express bank, has joined the board of corporate and travel related-supervisors of Amsterdam-Rot-services activities in the USSR. terdam Bank (Amro), the sec-

Bankers Trust Company, London

ond biggest bank in the Netherlands. The two banks announced plans early last year for a merger, scheduled to be com-pleted by February 1991.

NUPPON LIFE, Japan's largest lifa aesuranca group; announced changes at the top for this, its centenary year.

Mr Josei Ito will succeed Mr Genters Kawasa 77 as most Gentaro Kawase, 72, as president. The latter will become chairman after having spent seven years as president. The appointments will be formalised at a board meeting sched-

uled for July 4.

The 53-year-old Mr Ito joined Nippon Life in 1953. He rose to managing director before becoming executive vice president in March last year.

AMERICAN EXPRESS, the US financial and travel related ser-vices group, named a new

senior representative for its Soviet Union unit. He is Mr James Kober, 53, who assumes the title of vice president. American Express USSR this month and will be based in Moscow, His responsi-bilities include overall supervi-Mr Kober, who joined the

company in 1958, is moving from its headquarters in New York, where he has served as vice president worldwide co-or-dination for travel and the US representative uetwork. He succeeds Mr William Fisher on his retirement to the US after 34 years with the company, the last five years in the USSR.

* * * BOKING Aerospace, a unit of the Boeing US aeroplane man-ufacturer, announced that Mr Mark Miller will retire as presi-

dent on May 1. Mr B. Den Pinick, a Boeing corporate senior vice president, will become acting president of

Federal-Mogul appoints chief executive

THE BOARD of Federal-Mogul, the big US manufacturer of automotive and aerospace com-ponents based in Michigan, has elected Mr Dennis J. Gormley

chief axecutive officer with effect from May I. He will succeed Mr Thomas F. Russell, who will retire from the post but retain his other role of chairman. The company has been teadily restructuring its

operations, putting its profits base on a much better footing and atrengthening its hand against any unwelcome preda-

Mr Gormley, 49, has been serving as president, chief perating officer and a board member for the past year, and as an employee for 25 years.

Mr Russell has spent 47 years with the company. He became president in 1972, chief executive in 1975 and chairman

Agent Beni



Equitable Bancorporation Overseas

Finance N.V.

U.S.\$50,000,000

Guaranteed Senior Floating Rate Notes due 1994

For the three month period 11th April, 1989 to 11th July, 1989 the Notes will carry an interest rate of 10%% per annum with a coupon amount of U.S. \$267 per U.S. \$10,000 Note, payable on 11th July, 1989.

Development Bank of the Philippines

U.S.830,000,000 Guaranteed Floating Rate Notes due 1990 Guaranteed by the Republic of the Philippines In accordance with the provisions of the above Notes, notice is hereby given that for the six months from II April 1989 as 11 October 1989, the Notes will carry an interest rate of 10% per summer.

The interest payment date, II October 1989 against Coupon No 15 at the VC SCOTO 20

interest payment dan will be U.S.S273.23



HMC MORTGAGE NOTES 3 PLC £150,000,000 £11,500,000 Class B Floating Rate Notes
Due July 2015

För the interest period 12th April, 1980 to 12th July, 1980 the Class A Notes will bear interest at 13.575% per annum, interest payable on 12th July, 1986 will amount to 23,384.45 per £190,000

The Class & Notes will bear Interest at 14½% per amum. Interest payable on 122 July, 1989 will amount to £415,732.88 per £11,500,000 principal amount

any of New York Leader

Hospital Corporation of America

\$4,012,000,000

Leveraged Buyout Financing

Co-Arrangers

Toronto Dominion Bank

General Electric Capital Corporation

The Chase Manhattan Bank, N.A.

Continental Bank, N.A.

Deutsche Bank AG

\$3,912,000,000

Funds provided by The Chase Manhattan Bank, N.A.

Continental Bank, N.A. Toronto Dominion Bank

The Bank of California, N.A. The Mitsubishi Bank, Limited

The National Bank of Kuwait, S.A.K. U.S. National Bank of Oregon

Arab Bank Limited

Japan Leasing (U.S.A.), Inc.

March 1989

Algemene Bank Nederland N.V. The Hyakujushi Bank, Ltd.

Floating Rate Facilities

General Electric Capital Corporation

Deutsche Bank AG

The Dai-Ichi Kangyo Bank, Ltd.

The Tokai Bank, Limited Third National Bank in Nashville

Sovran Bank/Central South

Credit du Nord

The Bank of Yokohama

Agent Morgan Guaranty Trust Company of New York

\$100,000,000

Five-year Fixed Rate Facility

Co-Agent Orient Leasing USA Corp.

This announcement appears as a matter of record only.

Notice of Redemption to the Holders of



Consolidated-Bathurst Inc.

9% Series F Debentures due 1992

NOTICE IS HEFIEBY GIVEN that pursuant to the provisions of the 9% Series F Debentures due 1992 (here-inafter called the "Series F Debentures") and of the Memorandum of Agreement bearing formal date of May 29, 1986 between Consolidated-Bathurst Inc. (formerly named Consolidated-Bathurst Limited and hereinafter called the "Company") and Montreal Trust Company, the Company intends to redeem and will redeem on May 15, 1989 (hereinafter called the "Redemption Date") all the Series F Debentures which shall be outstanding on the Redemption Date at a redemption price equal to 101.00% of their principal amount together with accrued and unpaid interest on said principal amount to the Redemption

Holders are accordingly required to surrender their Series F Debentures, together with Coupons maturing on or after October 1, 1989 attached, for payment of the redemption price and accrued and unpaid interest to the Redemption Date at the offices of any of the paying agents listed below, failing which the face value of any missing, unmatured Coupon will be deducted from the principal amount due for payment. Any amount of principal so deducted will be paid in the manner described above against surrender of the relative missing Coupon. NOTICE IS HEREBY FURTHER GIVEN that, if any of the Series F Debentures be not presented for redemption on the Redemption Date, no interest thereon shall accrue from and

> **Principal Paying Agent** Orion Royal Bank Limited 71 Queen Victoria Street, London EC4V 4DE

England

Dresdner Bank AG Jurgen-Ponto-Platz 1 D-6000 Frankfurt/Main 7 West Germany

Kredjethank N.V. Arenberostraat 7 B-1000 Brussels

Compagnie Luxembourgeolee de la Dresdner Bank AG –

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April 13, 1989

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JP Morgan profits fall sharply

By Anatole Kaletsky in New York

J.P. MORGAN, the fourth biggest US bank group, yester-day reported a sharp decline in earnings in the fourth quarter, reflecting what it described as *adverse worldwide interest environment" during the past few mouths.

a disappointment to analysts and J.P. Morgan's shares fell \$1 to \$37% immediately after the results were announced.

Morgan made net profits of \$180m or 36 cents a share in down from the \$28im or \$1.52 reported a year earlier.

Although the underlying decline in the results was smaller because \$43m of last year's profit related to a refund of US taxes, Mr Lewis Preston, Morgan's chairman, made clear his disappointment with trading conditions in recent

"Interest rates have risen significantly over the past 12 months, and recently the yield curves in the US and other markets have either flattened or inverted, limiting the opportunities for profitable repositioning of interest rate expo-sures. These circumstances

Chicago-based semiconductor and electronic equipment com-

pany, reported record sales and

earnings for the first quarter.
The results showed improve-ments in semiconductor orders

from the Far East.

Motorola's results, with those of other chip makers, are

currently significant because of uncertainty about the state

of the present semiconductor cycle and tensions between the US and Japanese governments over semiconductor trade.

Motorola's shares gained 62.5 cents to \$45 yesterday morning, as part of a broad advance by computer and electronics

Motorola made \$123m, or 95

MOTOROLA,

trading and other income-earning opportunities," Mr Preston

Morgan's net interest income in the latest quarter was \$239m compared with \$438m a year earlier. Excluding tax retunds the year-ago net interest income was \$399m. The bank's net interest yield fell to 1.68 per cent from 2.58 per cent a

INTERNATIONAL COMPANIES AND FINANCE

year ago. Non-interest income was also down - to \$394m from \$435m a year ago. Foreign exchange, other trading income, invastment securities

Record returns from Motorola

cents a share, after tax in the first quarter, a gain of 9 per cent on the \$114m or 88 cents reported the year before. Its worldwide quarterly sales were up by 11 per cent to \$2.17bn.

The company said that

higher orders in semiconductor products and general systems group were offset by lower

profits from the communica-

But new orders in all three businesses reached new

The company's other, smaller businesses - informa-

tion systems, government elec-

tronics and automotive elec-

tronics - all suffered small

sales declines.
Sales in the semiconductor

records for any quarter.

tions sector.

were also unfavourable for gains, trust and agency income were all lower than the year

> Other non-interest income. mainly from fees and commis sions, was up 10 per cent to \$213m. Total non-interest expenses declined 2 per cent to

Morgan's cross-border exposures were \$4.6bn, virtually unchanged from the end of 1988 and \$300m below their

year-ago level. Common stockholders' equity was \$5.7hn or 5.73 per cent of average total assets in the first quarter.

sector advanced by 11 per cent,

while orders rose 9 per cent and backlogs increased 7 per

mix and increased develop-ment costs, as well as unusu-ally strong results in the year-

In the general systems group, sales climbed by 58 per

cent, with cellular telephone businesses particularly strong.

operations. Net earnings for the quarter ended April 2 were \$52.6m or 81 cents a share, down from \$65.8m or \$1.01 a share a year

Mead says

'masks true

profit dip

strength'

By Our Financial State

MEAD, the US paper and packaging company, yesterday announced a 20 per cent

decline in first-quarter net earnings, but said the reported earnings do not reflect the underlying strangth of

Net sales rose 4 per cent to \$1.13bn from \$1.00bn. However, Mead, the lending US producer of school and office stationery, said earnings per share from continuing operations, excluding its acqui-sition and divestiture activities, rose 29 per cent from a year earlier. Orders were higher in all regions, led by Japan and the Far East, the company said.

Communications sales increased by 5 per cent, while orders rose by 12 per cent and backlogs by 9 per cent.

The company said that operating profits fell because of a short-term shift in the product mix and increased develop-

Mead said net earnings per share in first quarter 1988 included 17 cents from the sale of its paperboard products divi-sion and 15 cents in earnings

sion and 15 cents in earnings from Brunswick Pulp and Paper, which was sold in August, 1988.

Also, the acquisition of Michie, a compiler and publisher of state legal codes, in December, 1988, diluted first-quarter 1989 earnings by 3 cents a share.

"Our businesses performed very well during the quarter in terms of both sales and sarnings," said Mr Burneil R. Roberts, Mead's chairman. "Our strategy of investing for the

strategy of investing for the future and managing for the long term tends to mask the true strength of current operations, but we believe it is in the best interest of Meed share owners.

Mr Roberts said the company's paper division per-formed particularly well dur-ing the quarter. However, earnings for the coated paper division declined slightly.

Westinghouse edges ahead in first quarter

By Karen Zagor in New York

WESTINGHOUSE, the diversified heavy electrical equipment maker, yesterday reported a 5 per cent increase in net income for the first

Net profits for the quarter aded March 31 were \$189m or \$1.30 a share compared with \$180.5m or \$1.25 a year ago. Revenue for the period was \$2.89bn, up 9 per cent from \$2.75bn in 1988.

This year's net income included a restructuring provision of \$261.5m which largely offset gains of \$286.1m from the sale of the company's elevator business and the formation of a transmission and dis-tribution joint venture with

Asea Brown Boveri. Income for the 1989 quarter was boosted by the sale of the company's minority interest in cable television program-

ming service. Earnings for 1988 were restated upward to reflect a lower tax provision. The Pitts-burgh-based company said the effective tax rate for the latest quarter was 28.7 per cent from the restated 23.4 per cent the

previous year. Westinghouse said that operating profits from the Energy and Utility Systems group rose substantially on higher revenues, principally from nuclear fuel, energy systems and transmission and distribution businesses. Although revenues for the Financial Services sector improved, its operating profit was down from the record first quarter of last year.

Oerlikon parent passes dividend

By John Wicks

OERLIKON-BUEHRLE OFRELIKON - BUERRELE
Holding, Zurich parent company of the Swiss industrial
and services concern Oerlikon-Buelirle, is to pass its dividend for the third year in suc-

Parent-company net profits remained almost unchanged at SFr1.5m (\$394,000) for last year, while consolidated results of the group as a whole showed a loss of SFr35.5m.

This compares with a loss of SFr115.2m for 1987 and brings total group losses for the three past years to SFr240.5m. Group sales in 1988 rose to SFr4.28bn from SFr4.1bn.

The increase would have been some 4.5 per cent higher but for various divestment.

Correction Mondadori

Yesterday's feature on Ralian publishing wrongly identified Mr Raul Gardini as holding 8.2 per cent of the Amef holding company, which controls just over 50 per cent of Mondadori. The reference should have been to Mr Silvia Reviseani been to Mr Silvio Berlusconi, president of Fininvest, who owns 8.75 per cent of Amel.

Andersen expands consultancy

By Pratap Chatterjee in New York

ARTHUR ANDERSEN, the largest management consul-tancy firm, is to invest up to expanding its consultancy practice.

The firm expects to raise Arthur Andersen has capital through several finan-restructured its business after

By David Owen in Toronto LLOYDS BANK Canada, the

country's largest foreign bank, is cutting staff in a bid to

No indication of the extent of the cutbacks has been given.

but it is believed that up to 12-per cent of the bank's 1,500

staff could be affected. In a pre-pared statement, the bank said that most of the reduction had

been achieved "through natu-

The move follows two years

of disappointing financial per-formance after the acquisition

of the troubled Continental

Bank of Canada in November

In its year ended October 31, Lloyds Bank Canada — which had assets of C\$5.3bn

By James Buchan in New York

NCNB, the expansionist North Carolina banking group which

is seeking to acquire Citizens & Southern in Atlanta, yesterday reported sturdy growth in its earnings for the first quarter and said this strengthened the

case for a merger.

The Charlotte-based com-

pany, which has offered to buy Citizens & Southern with about \$2.3bn worth of its own

about \$2.300 worth of his own stock, yesterday rejected demands from its smaller rival that it drop the offer. Mr Hugh McColl, NCNB's chairman, said: "It is time for us to meet and to begin work-ing together."

ing together."

reduce its cost/income ratio.

Lloyds Bank Canada

NCNB grows sturdily

cuts staff by up to 12%

C\$2.17m.

cial instruments including commercial paper, specific project investments from financial institutions and a leasing company, which will be

(US\$4.46bn) and 55 Canadian

branches - reported profits of

This represented a return on

average assets of just 0.04 per cent and ranked it 29rd for

profitability among foreign banks active in Canada. Of late, the bank — one of

only two foreign banks in Can-

network - has focused its efforts on two principal target

markets: well-to-do individuals and medium-sized companies. Earlier this year it launched its

own string of mutual funds.

The strategy has also encompassed the upgrading of mort-gage products and the intro-duction of a Registered Retirement Savings Plan.

NCNB, which has grown by

leaps and bounds towards the

top ten ranking for US banks, said yesterday that its earnings

in the first quarter to the end

of March rose 8 per cent over the 1988 first quarter, to \$75.8m or 82 cents a share. The banking group said the 1988 figures included special

gains on securities sales and

other non-recurring income.

other non-recurring income. Growth of core earnings per share was 16 per cent. The bank's loan quality improved, with non-performing assets at \$232 im or 1.16 per cent of net loans and leases, against 1.51

per cent a year ago.

seven of its top consultancy partners left to set up a rival practice with help from Saatchi and Saatchi. Following this the firm reor-

nised its work into two strategic business units (SBUs), ounting/tax and consulting.

Norway's Elkem Group, a leading producer of Aluminium, silicon and ferroalloys, had a record year in 1988, making a profit before extraordinary trans-or NOK 659 million on a turnover of NOK 9,754 million, A net extraordinary income of NOK 249 million resulted in a profit before taxes and

year-end appropriations of NOK 908 million.

The Group's turnover rose by 28 percent from NOK 7594 million in 1987, mainly et a result of strong merkets in metals and alloys and sationalisation of the company's activibles. The Group's net interest bearing debt was reduced by NOK 1.7 billion, and the company began an on plan to improve overall productivity by a total o NOK 500 million on a yearly basis in the course of 1988-89. In view of the prognosis for continued strong markets

in the world's steel and foundry industry as well as the aluminium and chemistry industries, the Board anticipated another strong year in 1989. Elkem's worldwide marketing network, the company's concentration on speciality products and the rationalisation of operations provides a good platform for 1990 and beyond. -DIVIDEND-

The Board has proposed a dividend of NOK 7.50 per share for the year ending December 31, 1988.

Elikem's Annual General Meeting will be held on Tuesday, May 2, 1989 at 2:00 p.m. at the Colosseum Conference Center Essendrops gate 8, Oslo. The agenda Includes ratification of the income statement and balance sheet for 1988; to elect members of the Corporate Assembly and their deputies and to a throit the Forest's promostic for their deputies; and to submit the Board's proposals for three amendments in the company's Articles of Associathree americinents in the company's Aracles of Associa-tion: (I) § 5.1 to read: "At least 2/3 of the share capital must at any time formally and actually be owned by Nor-wegian citizens or legal persons defined as Norwegian-controlled under the Concession Act of December 14,

To receive a copy of Elkem's 1988 Annual Rep coupon and return it to: Elkem a/s, Corporate Communications Dept. RO. Box 4282, N-040T Oslo 4, Norwest

1917." (2) Deletion of § 5.2. (3) § 6.3, sentence 1 shall be amended to read: "A majority of the Board of Directors, including the chairman, shall be Norwegian citizens."

Elkem

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INTERNATIONAL COMPANIES AND FINANCE

Building societies may follow Abbey's lead

David Barchard on the implications of Tuesday's vote for stock market flotation

ith its members ballot safely behind it.
Abbey National now has relatively few hurdles left before it goes ahead with its stock market flotation in June. Its chief remaining worry is the confirmation hearing by the Building Societies Commission in mid-May. Relations between Abbey National and the commission have not been entirely easy in the last few months, after repeated warnings from the commission that it has the power to cancel con-It has the power to cancel con-version procedures if the ballot has not been conducted impar-

Mead sail

profit diff.

masks tre

Harris Is and

That is precisely the accusa-tion being made by the group Abbey National Members Against Flotation, which has made its views known to the commission at regular intervals since it was set up last

AMAF'a lengthy list of com-laints include the refusal of Sir Campbell Adamson, Abbey National's chairman, to agree to a special general meeting called by the rebels last autumn and more recent allegations that the ballot was not conducted with due impartial-

it would be a revolutionary move, however, for the com-mission to overrule the results of such a large ballot, and most City analysts believe that is unlikely.

So Abbey National's next practical step will be to issue members with details of the handout of free shares and the simultaneous issue of new shares which only existing may be correspondingly

members will be able to buy—
at least initially.
One sunsiety for the society's
board must be that the float
will leave its deposit base seriously depleted. The board
accepts that many severs with
the society will dip into their
accounts to purchase shares.
There must also be the possihility that some disaffected

bility that some disaffected savers will move elsewhere. Mr Alexander Sandison, vice chairman of AMAF, says he believes that at least £1bn (\$1.69hn) will be taken out of Abbay's coffers ones it becomes clear that the flotation is definitely going ahead.

The society does not expect the flight of funds to affect it seriously, and its officials have long believed that the alternative to the flotation is being gradually sourced out of the gradually squeezed out of the financial services markets in the 1990s. Sir Campbell has several times spoken as if he believes that Abbey National cannot expect to survive in the long run unless the conversion gues ahead.

That may sound alarmist, but behind Abbey National'a entire strategy of diversifying its range of retail banking activities in the last few years lies the belief that the UK

mortgage market is mature and approaching saturation. For the building society movement as a whole, Abbey National's departure creates The Building Societies Asso-ciation has for precisely that reason already discussed an arrangement to allow Abbey National to remain a sort of country member, with its statistics continuing to be included with those of the



Sir Campbell Adamson refused special meeting

More worrying is the ques-tion mark that Abbey National has raised about the future of the industry itself. For more than 150 years, the walls divid-ing building societies from the rest of the market have been firm and immovable. Now Abbey National has breached them, and other societies will have to think about the possible conditions which might make them follow.

Although attachment to mutual status is strong among building societies, it is virtually impossible to find a single

chief executive of a large seci-ety who is ready to say that his society will never convert into a company whatever the cir-

Abbey National's larger rival, Halifax, investigated incorporation last year, but decided against the change, at least for the next two years.

Among other large societies, Woolwich and Britannia are declared defenders of mutual-ity. But several other societies are either keeping their own counsel on the issue, or have even issued guarded hints that they look on incorporation with favour. National & Provincial, the

seventh largest society, looks fairly close to announcing a decision to incorporate. One or two others in the top 10, such as Alliance & Leicester, may not be far behind.

City analysts predict that once one or two societies have followed Abbey National, there will be a haemorrhage of others from the industry until, as in Australia and South Africa, almost all the larger societies have exited into the banking market and only the tiny societies are left.

That should not be alto-gether depressing for the tradi-tionalists in the industry. There are about 85 small societies in the UK, and they may continue along much the same

lines they have always done. Building societies were intended by their founders to be local institutions and the growth of the large societies into nationwide retail banks was unforeseen and to some

ground (numbers six to 20) from the Leeds Permanent to the Leeds & Holbeck, must now ask themselves searching questions about the best ways to ensure their survival.

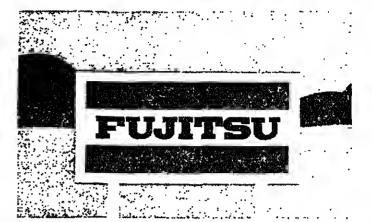
any societies know that takeovers and even hostile take-overs of medium-sized brilding societies are possible, although the obstacles are even harder than for e stock market flotation. Potential purchasers and predators are already seeking out the services of merchant bank advisers in the City.

The 64 per cent turn-ont among Abbey National voters is bound to suggest to many medium-sized building societ ies that incorporation through a merger with a bank or build-ing society is a live option to be taken very seriously. A merger would have to be approved by members in a ballot, in which there was a turn-

out of at least 50 per cent with 75 per cent of voters in favour. The Abbey National poli result shows that this seemingly stiff requirement can be exceeded easily. A merger would offer voters very much higher cash rewards than the

free-share issue being offered by Abbey National. Indeed, those who believe that a forcible takeover of a building society is possible — by a predator appealing to members over the heads of the board — will find encouragement from this week's results at Wembley.

When FUJITSU wanted green fields, they chose Sedgefield's



Japan's largest domestic computer manufacturer, Fujitsu, has just chosen Sedgefield District for its first European semi-conductor manufacturing plant.

The new £400 million facility represents one of the UK's largest inward investments and will eventually employ 1,500 people. Sedgefield have proved once again that our greenfield sites, excellent communications, skilled workforce and quality of life are second to none.

Think about it for your business - Fujitsu certainly did! Contact Janet Johnson on (0368) 811211 for a list of sites available.



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Hafnia profits up to DKr418m

By Hilary Barnes In Copenhagen

HAFNIA INVEST the Danish insurance and financial services group, increased operating profits from DKr318m (US\$43.4m) to DKr418m last

Capital gains moved from a 1967 loss of DKr397m to a profit of DKrl.11bn, producing a net profit of DKrl.52bn from a loss of DKr29m in 1967.

of DKr79m in 1987. This was the group's best year ever said the preliminary

statement. Earnings per share . in the parent-company were DKr194 against a loss of DKr6 in 1987, with operating profits per share rising from DKr33 to

The board proposed increasing the dividend from 7 to 8 per cent, and profits in 1989 are expected to exceed last year'a levels. Group assets increased from DKr35.76bn to DKr39.65bn and shareholders' equity from

DKr4.14bn to DKr5.39bn.
Operating profits at Hafnia
Insurance increased from
DKr285m to DKr333m.
Hafnia's other subsidiaries,

an investment bank, a merchant bank, a real estate, ser-vices and fund-raising companies, all contributed to profits. The parent company's name is to change from Hafnia Invest to Hafnia Holding to avoid mis-

GROWTH AND CHANGE IN THE FINE PAPERS MARKET ENSO MAINTAINS A STRONG AND STEADY PACE

Enso is a major manufacturer of fine papers for book and magazine publishing, advertising and

In 1988 net sales of Enso Fine Papers amounted to 209 million Pounds*, an increase of 33 % over 1987. Production grew by nearly a quarter to 410,000

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* 1 GBP = 7.5 FIM

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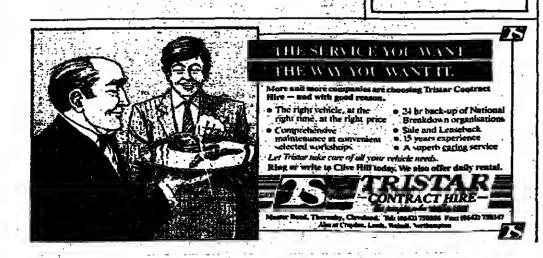


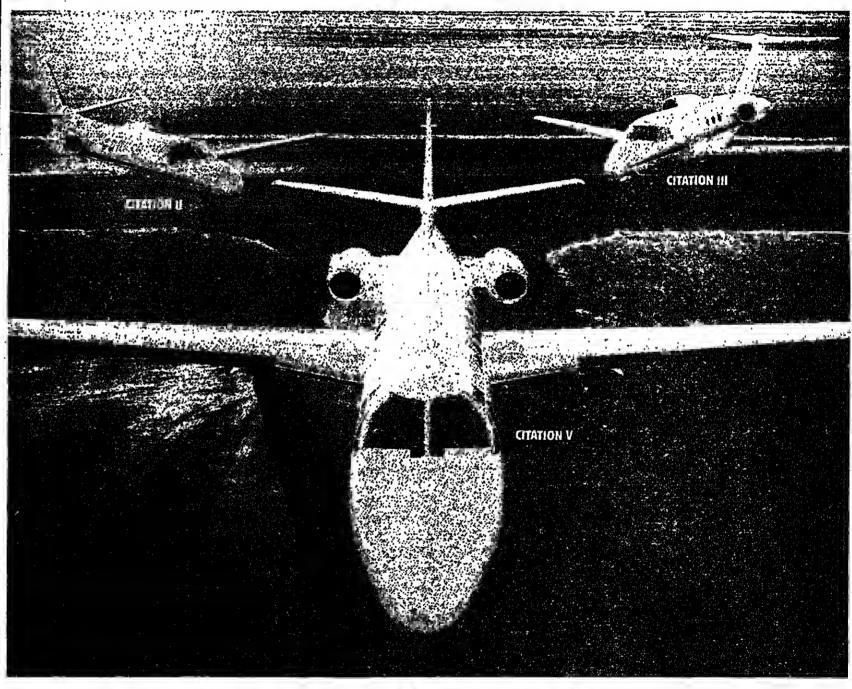
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Compagnie Générale d'Électricité

CGE

CONSOLIDATED

NET INCOME UP 23 %

TO 4.15 BILLION FRANCS

At its April 4, 1989 meeting chaired by Pierre SUARD, the Board of Directors of Compagnie Générale d'Electricité (CGE) closed the accounts for fiscal 1988.

CGE Group consolidated net income for the year amounted to FF 4,152 million, an increase of 23 % over 1987. Net income was equal to 3.2% of consolidated sales which totalled FF 128 billion. This income to-sales ratio is appreciably greater than the 2.7% achieved in 1987 and exceeds the 1990 target of 3% set when CGE was privatized in 1987. The 1988 advances reflect the improved performances of the large subsidiaries which were

already generating substantial operating profits

After deduction of minority interests, CGE's share In 1988 net income amounted to FF 2.158 million. an increase of 18%. Calculated on a capital base comprised of 67 million shares, e figure which excludes the shares held by Group companies, net income per share was FF 32.20, an increa

Parent company net income for 1988 amounted to FF 1,257 million as compared to FF 1,184 million for 1987. This figure includes dividends received from subaidiaries end investments amounting to FF 902 millon, an increase of 16%.

The Board decided to propose that the Shareholders' Meeting declare a total dividend of FF 646 million, an Increase of 22% in comparison with the FF 529 million paid out the previous year. The total dividend corresponds to a per share dividend of FF 9.00, axcluding the tax credit which increases the total yield per share to FF 13.50, paid on the 71,757,359 shares comprising the Company's capital et Occember 31, 1988. The comparative 1987 figures were einet dividend of FF 7.50 and e total yield of FF 11.25 including tax credit. The dividend will be payable es of June 30, 1989. The Board decided to offer shareholders the option of receiving stock in payment of the dividend. The Board of Directors decided to convene the Annual Shareholders' Meeting on June 20, 1989 at 2:30 PM at the Théâtre de l'Empire in Paris.

Consolidated Income Statement Highlights (in FF million)	1988	1987	Consolidated Balance Sheet Highlights (in FF million)	1988	1987
Sales	127,958	127,481	Total assets Shareholders' equity and minority	t79,318	t71,061
Income from operations (including net interest)	8,661	7,402	interests after appropriatioo - Shareholders' equity	29,648 17,878	26,030 16,068
Net income from current operations	3,447	2,827	Mon-current assets	45,253	39,065
Consolidated net income	4,152	3,338	Long-term resources Long-term financiai debt	55,557 13.tt8	50,t30 11,185
- Minority interests	1,994	1,556	Short-term financial debt	t4,9t0	13,8t0
- CGE share	2,158	1,832	Cash and equivalents	29,042	25,856

The Board of Oirectors also approved the legal, financial and administrative procedures related to the final agreement with the General Electric Company (GEC) of the U.K. dated March 22, 1989. By these arrangements, a company, incorporated in The Netherlands and jointly owned by the CGE and GEC groups, will be formed to take over the ectivities currently exercised by Alsthom in the CGE Group and by GEC's Power Systems Group.

Subsequently, Alsthorn will become a holding company which, in addition to a 45% interest in CGEE ALSTHOM and real estate assets, will own 50% of the company formed jointly with GEC. When these arrangements are completed, CGE's major industrial assets will be controlled through two holding companies. Alsthorn will be the intermediary between CGE and its operating subsidiaries in the energy and transportetion sector while Compagnie Financière Alcatel, which became e holding company through e similar process in 1986 when the CGE Group acquired ITT's telecommunications ectivities, holds group interests in the telecommunications, business systems end cables sector. The Chairman informed the Board, that studies are being made within the CGE Group directed to streamlining structures by bringing the CGE parent company closer to its operating subsidiaries, in line

with the industrial strategy announced by CGE at the time of its privatization in 1987 and since re-inforced. He added that these studies should lead to e proposed merger of CGE simultaneously with the new Alsthom holding company and with Compagnie Financière Alcatel before the end of the first half of 1989. The Chairman stated that eccording to initial internal parity estimates, which heve to be submitted to court-appointed appraiser and merger

7 CGE shares for 5 Alsthom shares.
The Chairman added that the Board would meet in the near future, after the workers' representation committees concerned have been consulted, to review the studies now in progress on this structural simplification so as to be in e position, to request, if its conclusions so justify, shareholder approval of these mergers at the General Meeting of June 20, 1989.

experts, the ratios could be 7 CGE shares for 1 Compagnie Financière Alcatel share, and



BANKING & FINANCE IN THE **NETHERLANDS**

The Financial Times proposes to publish this survey

1st June 1989

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FINANCIAL TIMES

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Fund

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Decion 1987/1995

Interest Rate: 6%% p.a. April 12, Interest Period: 1989, to Oct. 12, 1989

interest Amount per DM 10,000 DM 336.77 DM 100,000 DM 3,367.71

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FINANCIALTIMES

SWEDISH INDUSTRY

The Financial Times proposes to publish this survey on: 5th June 1989

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INTERNATIONAL CAPITAL MARKETS

Barclays Bank pays 12% for three-year sterling

A BRIEF respite in the UK government gilts market opened the door for the launch of two new sterling Eurobonds, in spite of fears over the direction of currency and interest

In particular, domestic investors are nervous about the UK retail price index for March, a key inflation gauge, which is set for release on Friday. Evidence of further inflationary pressures are likely to trigger renewed speculation about a rise in base rates to 14 per cent in the near future.

Still, Barclays Bank was able to issue a £125m three-year Eurobond bearing a 12 per cent coupon, the highest seen on any security of that matu-

rity in years. The bonds, lead managed by Barclays de Zoete Wedd, were priced at 100% to yield 68 basis points over the 10% per cent

gilts due 1992. While the bonds ultimately closed ontside their 1% per cent fees at less 1.50 per cent. Eurosterling traders reported demand, particularly from for-eign investors earlier in the

The combination of Barclay's AAA-rated status and the generous spread over gilts eppeared sufficient to over-

come background fears over

Indeed, the securities offer an ample yield pick-up on other available Eurosterling deals of that maturity. For instance, a £100m 9 per cent Eurobond for Netional West-

INTERNATIONAL BONDS

minster, maturing in 1992, was trading yesterday at 45 basis points over gilts.

In explaining the timing of its issue, BZW said it had detected foreign investor demand for shorter paper early yesterday, on the heels of remarks by Mr Nigel Lawson, the Chancellor, that interest rates would be raised to defend the currency if necessary.

That seemed sufficient to tempt some investors back into

the market. Proceeds were said to have been swapped into floating rate funds at 20 to 30 basis points under Libor.

European Investment Bank issued a £50m bond due 1997, fungible with £200m of out-standing identical securities. The bonds, lead managed by Chase investment Bank, carried a coupon of 10 per cent and are priced at 95.45 per cent to yield 37 basis points over

Dealers said that although the deal had a co-lead manager, it was not syndicated and was believed to have been placed largely with a few investors who had expressed

interest in it prior to launch.

In West Germany, several
new deals emerged, including a
DM1bn 10-year floating-rate Enrohond for Dresdner Finance BV, guaranteed by Dresdner Bank. The bonds are priced at 100.05 and pay h over three-month Libor.

Metropolitan Estate and Property International, the Dutch subsidiary of MEPC, the UK property group, issued a DM150m 10-year Eurobond priced at 100% and bearing e

coupon of 7 per cent. Traders said the issue traded late yesterday well outside its 2½ per cent fees at less 2.50 per cent, proving a difficult sell because of the lack of investor familiarity with the borrower.

While the coupon offers % more than Tuesday's Council of Europe 10-year bond, that does not appear sufficient to reassure investors.

NI	EW INTE	RNATIC	NAL	BOND	ISSU	ES _
Borrower D-MARKS Orsedner Finance(c)‡ Metropolitan Est. Renown Look Inc.(c)‡	Amount m. 1bn 150 80	Coupon %	Price 100.05 100 % 100	Maturity 1999 1999 1994	27/12bp 21/11/2 21/11/2	Sook ren Dresdoer WestLB Deutscha
US DOLLARS Nippon Credit Finance Yomiuri Land Co.#	200 100	10 ts (4 ts)	101.55 100	1993 1963	15/15	Nippon C Nomura i

Renown Look Inc.(d)4	80	(13,)	100	1994	2444	Deutscha Bank .
US DOLLARS Nippon Credit Finance Yomiuri Land Co. Shiroki Corp.(2) ◆	200 100 90	10 ³ 4 (4 ⁵ 4) 4 ² 8	101.85 100 100	19 9 3 19 9 3 19 9 3	15/15 24/15 24/15	Nippon Credit Int. Nomura Int. Nomura Int.
CANADIAN DOLLARS Montreal Trustco◆	100	115 ₈	1015	1904	77g/114	Societa Generale
STERLING Barclays Bank EIB(b)	125 50	12 10	100% 05.45	1992 1997	13,/3,	BZW Chase Investment Bank
AUSTRALIAN DOLLARS Swedish Export Credit(h)	50	205 ₈	1014	1990	1/3	Bankers Trust Int.
SWISS FRANCS Asahi Denka Kogyo(e)** Hitachi Kiden Kogyo(i)** Yamanaka Co.(p)** ** ** ** ** ** ** ** ** **	120 20 50	(1 ³ 2) (1 ³ 4)	100 100 100	7993 1994 1993	n/2 n/2 n/2	SBC UBS Credit Sulese

ms. ‡Floating rate notes. a) Coupon cut by ½ ½. b) Put and cell from April 1994 and annually thereafter, put to yield 2,184%. I) No put option. g) Put yields

FT INTERNATIONAL BOND SERVICE

Closing prices on April 12 B.F.C.E. 94 95..... Brit. Tel. Fig. 94 98.

Dai-Ichi Kan 9% 92... Denmark 7¼ 92.... E.E.C. 791..... E.E.C. 74 93....

6 M.A.C. 9½ 93 CS.
Hoods latt. 7½ 93 Ecu.
Hydro-Ouebec L1 99 CS.
Lloyds Bank 10½ 96 E.
Lloyds Bank 11½ 98 E.
Montreal 76. LDQ 95 CS.
Montreal 76. LDQ 95 CS.
Mortreal 76. LDQ 95 CS.
Nat. Ars. 8k. 14½ 944S.
Ned. Midd, Bank 6 92 FL.
New Zealand 9½ 93 E.
New Zealand 7½ 93 ECU.
Philips Sieoli. 6 93 FL.
Privathanten 7½ 94 UFF.
Rhyal 8k. Scot. LD5; 98 E.
Saskatchewin 9½ 91 CS.
Saskatchewin 9½ 91 CS.
Saskatchewin 9½ 91 CS.

DEUTSCHE MARK
STRAIGHTS
Asian Des. BK. 6 94
Austria 6 4 99.
Bank of Tolyo 5 4 93.
Commerchank o/s. 5 1₉ 95.
Credit Foncier 6 1₉ 99.
Degussa int. 6 1₉ 97.
E.I.B. 5 1₉ 98. E.I. B. 6½ 99.
E.I. B. 6½ 95.
E.I. B Nat. West BK. PLC 6 98.

N.H.L. Finance 614 95.

Nippon Telg. &Tel. 6 95.

Oesters. Konthk. 5 93.

Portugal 6 14 95.

Privatbanker 5 12 93.

Royal Insurance 5 12 92.

Soc Cent Nuclear 714 95.

Turkey 6 14 95.

Union Bk. Finland 5 12 94.

Westib. Finance 5 93.

World Bk. 6 14 97.

90MDS
Alcoa 64, 02 US.
Amer. Brands 74, 02 US.
Abblidge Bank 24, 02 US.
Abblidge Bank 24, 02 US.
Abblidge Bank 25, 02 US.
Comm. Gredit, 51, 02 US.
Eng. Chin Care by 03 E.
Fujits 379 US.
Last See S. B. TZ C.

* No information available previous day's price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency tonits except for Yen-boods where it is in billions. Change on weak — Change over price a week earlier.

Floating Rate Notes: Denominated in dollars onless otherwise indicated. Coopan shown is minimum. Citée — Date not coopan becomes effective. Spread — Margin above six-month offered role (tithree-month; Sabove mean rate) for US dollars. C.cpn—The Gurrent coopin.

Maxwell Comm.Crp. 5 95. 100

Maxwell Comm.Crp. 5 95. 150

Nat. Bk. Kungary 5 12 99. 75

Nationwide Ang. B/5. 4 95. 200

Nippon Teig. & Teil. 4 12 95. 200

Oesters. Ktok. 5 03. 75

Prov. Newfoundland 5 03. 150

Thailand 4 12 95. 200

World Bank 5 03. 150

Swiss crack down on hidden bank reserves

By William Dultforce

in Geneva. SWITZERLAND'S Federal Ranking Commission plans to draw up stricter directives on the use of hidden reserves by Swiss banks to conceal or min-

The Commission's decision follows its own analysis of the 1987 accounts of 470 banks and disclosures earlier this year that the big three Swiss, banks had suffered losses on their London Operations in 1987 which were not redected in their annual reports. Mr Kurt Hauri, the Commis-

sion's director, said that of 65 Swiss banks which actually ran a loss on their 1987 accounts. 46 had publicly reported a profit. Only 86 of the 330 banks whose earnings had been lower in 1987 than in

the previous year had posted reduced profits. The banks had not infringed the Commission's rules but the general trend demonstrated that new guidelines had to be drawn up to ensure that published accounts were truthful. Mr Hauri said.

Swise law allows banks to build up and dissolve hidden reserves with no obligation to reflect changes to the reserves in their published accounts. Nor. so far, have they had to publish consolidated accounts. Crédit Suisse gave a spectac ular demonstration of the strength of the banks' hidden reserves when, in 1977, it absorbed a huge loss, put at SFr1.7bn (\$1.02bn), et its Chlasso manch with almost no wavering in its reported earn-

The practice of allowing Swiss banks large scope to create hidden reserves was aimed at letting them smooth out variations in performance from year to year. It had been encouraged by the Commis-

bank tends to diminish if it tries to conceal negative developments or embellish the situ-ation in an implansible way. The Commission is setting up a working group, which will include hankers, to reco mend new guidelines for hid-

Supervision call for NZ regulators

A GOVERNMENT inquiry into the troubled New Zealand stock market has recommended that e supervisory authority be set up to oversee regulatory bodies for all public securities markets, Renter

reports.
Mr Geoffrey Palmer, Justice
Minister, said on Tuesday in e statement accompanying the inquiry's report: "It has put e very strong case for self-regulation with statutory enforcement." He added: "It does not many many representation of the self-regulation with statutory enforcement." recommend government regu-lation of the market-place, but e supervisory structure to ensure that self-regulatory agencies are fulfilling their roles."

The inquiry's committee, chaired by Mr Spencer Russell, former Reserve Bank governor, said the supervisory authority should absorb the present Security (Committee Committee Com present Securities Commission. It would approve operating rules of self-regulating organisations such as the New Zealand Stock Exchange. New Zealand's stock market

was one of the worst hit by the October 1987 crash and slowest to recover. The Barclays share index is still 46 per cent below its levels immediately prior to the crash. The report was commis-sioned last October.

It said the market's weaknesses stemmed from lack of size in the local economy, too few investors, lack of repre-sentation of leading industries and a widely shared percep-tion that the stock market was undisciplined. "The committee considers

the very high level of public listed company failures and the deterioration in the financial position of several of New Zealand's largest companies have caused a substantial erosion in public confidence."
It recommended that at least 40 per cent of the exchange's board directors be eppointed by the supervisory authority, which would be jointly funded by the Government and market participants.

Stock exchange listing requirements approved by the supervisory anthority should be given the force of law, and a new compliance committee should be created to enforce

Other recommendations included setting guidelines for market ethics and creating an accounting standards board to oversee accounting standards and give them statutory back-ing. Mandatory trust accounts for client funds held by brokers and tighter prudential supervision of brokers should also be introduced.



tidden ban US bonds stay subdued as | European stock exchanges close ranks trade data doubts grow

By Janet Bush in New York and Katharine Campbell in London

producer prices and trade figures continued yesterday with US Treasury bonds trading quietly and in a narrow range for the third consecutive day.

Prices tended lower in the proming taking learn detections.

ECHELLES

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morning, taking long-dated maturities as much as % point down from Tuesday's closing

GOVERNMENT BONDS

The yield on the Treasury's benchmark long bond rose to 9.12 per cent.

The main focus of the market was the seven-year note auction during the afternoon In when issued trading, the notes were yielding 9.36 per

cent, up two basis points from: Tuesday. There was some caution ahead of the sale, with dealers concerned that there would be little interest in such a lacklustre market so close to this

week's important economic

releases, due today and tomor-Forecasts started emerging of the data yesterday, which influenced trading somewhat. The consensus on the trade figures is for a deficit of \$10.4bn, compared with \$9.5bn in January, as economists believe there was a substantial increase in imports in Febru-

The producer prices index is expected to have risen by 0.5 prices continued to weaken per cent in March after slightly, with the benchmark

THE long wait for Friday's monthly increases of 1 per cent in January and February. The PPI gain has been boosted by higher energy prices. Economists at Griggs & San-

tow suggested that the release of West German wholesale prices figures yesterday, which showed a substantial increase of 0.6 per cent, may have depressed US bond prices.

"This may be saen as a reminder that our PPI is due on Friday and that, with the recent rise in oil prices, the number may still be a bad one," they said.

THE CONTENTS of the economic statement made yester-day by Mr Paul Keating, Aus-tralia's Treasurer, had been sufficiently well leaked to ensure there were no big sur-prises. However, the bond market weakened five or six basis points during the speech, mostly in response to slightly more substantial tax give-aways than had been antici-

Parts of Mr Keating's state-ment may have been music to the ears of Mr Nigel Lawson, the UK Chancellor - notably the passage about tax cuts being a non-inflationary way of raising income - but they are not calculated to charm financial markets. Monetary policy is likely to remain steady or even tighter ovar coming months and, consequently, long bonds look less than

attractive. in London afternoon trading

BENCHMARK GOVERNMENT BONDS

UK GILTS 13.509 9/92 106-13 -9/32 11:20 10.92 10.59 9.750 1/86 96-06 -1/4/32 10.42 10.20 9.96 9.000 10/08 96-18 -7/32 9.39 9.31, 9.06

US TREASURY 8.875 2/98 97-19 4/32 9.34 8.19 9.36 8.75 2/19 87-15 6/32 9.16 9.06 9.15

JAPAN No 111 4.600 6/98 96.2664 -0.028 5.20 5.20 5.24 No 2 5.700 8/07 108.2191 -0.101 5.04 6.01 5.08

GERMANY .6.375 11/88 96.0250 -0.125 6.96 6.90 7.01

FRANCE BTAN 8.000 1/94 96.1083 -0.017 18.02 8.98 9.32 OAT 8.125 5/99 94.6100 -0.070 8.95 8.98 9.14

CANADA 10.250 12/98 98.6250 -0.125 10.48 10.37 10.54

NETHERLANDS 6,7600 10/98 97.5760 +0.060 7.10 7.05 7.23

AUSTRALIA 12.000 7/99 90.3104 -0.049 13,77 13.83 13.65

London closing, 'denotes New York morning session: Yields: Local market standard Prices: US, UK in 32nda, others in decimal

Coupon Date Price Change Yield ago ago

Commonwealth 12 per cent bond due July 1999 yielding

SPECULATION that Mr Ger-hard Stoltenberg, West Ger-many's Finance Minister, may be replaced by Mr Theo Wal-gel, a member of the Christian Social Union party, whose main priorities are thought to include the removal of with-holding tay on German bonds holding tax on German bonds, came too late in the day to

move the market much.

However, Liffa traders reported a five to 10 pfennig rise in the 10-year government bond future, which closed at 93.34, still 7 basis points down on the previous sett-

The repurchase allocation earlier in the day was, at DM14bn, more generous than had been expected and the rates, between 5.80 and 6.20 per cent, were on the positive

While this produced a moderately favourable response, a large increase in wholesale prices for the quarter to Febru-ary depressed the market, at least in London.

The spread between cash and futures prices has nar-rowed from 75 basis points to about 20 basis points, so that arbitrageurs have been unwinding outstanding posi-tions, buying futures and sell-ing each

UK gilt-edged securities traded with a downward bias for most of the day, reflecting negative sentiment about sterling as well as nervousness about the import of economic data to be released today and tomorrow. The advent of two new Eurosterling deals, while the recent Republic of Italy issue still weighs over the market, meant that supply concerns also

from gilts into German government bonds, mainly on behalf of non-UK investors jittery about sterling's medium-term

The long gilt future on Liffe closed at 94.30, & weaker on the

between the 12 member states, the ECMG has decided to start small. Late last year it produced a joint report calling for the abolition of all indirect taxes on stock exchange trading throughout the EC.

"It was tha first time the committee stood together to A lmost 15 years after starting to work together informally, the European Community's stock exchanges are belatedly trying to present a more unfied front towards the European Community to present a more unfied front towards the European Community to the Europea

committee stood together to call on their national govern-ments to abolish all stock exchange trading and turnover taxes as part of a general tax harmonisation," says Mr von

The subject is of narticular interest to German bourses, which complain of losing busi-ness to London as a result of their country's stock exchange turnover tex. The tax, which raised DM585m (\$311m) in 1988, looks set to stay, in spite of an election pledge by the Bonn Government to abolish it and a recent pledge by the state government of Hesse, home of Frankfurt - Germany's financial centre - to press for its

Mr von Rosen says the aim is now to develop the ECMG, which includes representatives from stock exchanges in all member states, as the single interlocutor with the Commission for European bourses.

However, many of the other topics it will have to tackle will involve more difficult decisions than just calling for the abolition of turnover taxes and stamp duties, hardly an issue likely to split the markets. Harmonising all the other taxes affecting securities trad-

ing - notably capital gains tax - is an example of the difficulties facing it. Luxembourg, for example, has no capital gains tax, while its Government has consistently opposed the intro-



Haig Simonian on the bourses' efforts to present a more unified front ahead of 1992

Ettore Fumagalli: bourses making progress

duction of a withholding tax, which it says is unnecessary. cult for the Luxembourg bourse to go along with its counterparts calls for harmon-

Mr von Rosen admits the issue of capital taxes is controversial and he agrees it is not a theme which the group is ready to decide on as yet. How-ever, he believes tha ECMG will have to get to grips with the issue in time and could eventually come to play a sig-nificant role in collaboration with the Commission.

Some other themes have proved more promising.
The ECMG is preparing a joint paper on takeover bids in response to the draft proposal submitted by the Commission last December. The plan is to

discuss issues between the bourses in parallel to the talks taking place within the Commission, and then to raise these matters jointly with the Commission once an inter-boursa position bas heen reached, possibly by the time of the European stock

exchanges' general assembly in mid-May. Relations between the bourses and the Commission bave changed for the better since December, when the Commission made clear it had no intention of developing into a European version of the US Securities and Exchange Com-

European bourses have taken comfort from the Brussels view that market supervision is elther a matter for domestic regulators or for the bourses themselves, with the Commission's brief being limited to encouraging a level playing field between national capital markets.

The steps that have been taken on insider trading in EC countries illustrate the general drift towards common standards, even before the ECMG's revival in mid-1987.

In the past two years, a string of member states have replaced old voluntary anti-insider guidelines with legallybinding rules. That has increasingly put the spotlight on West Germany, which is now the only large member state which does not have a legally-binding insider trading

The Germans have stuck to their guns although the signs are that they will soon introduce a legally-based system, in line with every other EC state except Luxembourg.
Agreeing a draft guideline on
EC-wide insider trading laws is
thought to be of particular interest to the Spanish Govern-ment, which is president of the Council of Ministers until the end of June.

German approval is likely to come as soon as an accord is reached on defining a second-ary insider. According to one observer, that suggests that insider trading could be out-

lawed in Germany by the end of the year. The Germans may eventually come to appreciate a legal-ly-based system. Experience has already shown that some agreements, such as that on EC-wide joint listing and pro-spectus requirements for new ues, can be particularly beneficial to a country like Germany, where there is a strong federal system and numerous

With eight domestic stock exchanges in Germany, the new EC rules on mutual recognition of listing procedures which look set to be passed into German law before this summer - sooner than in other member states - will make life appreciably easier for EC companies wanting to list their paper on all the country's

markets Rather than having to go through eight separate listing procedures, from Hamburg to Munich, once the appropriate law is passed a company would only have to handle one set of paperwork to list its shares

When similar laws go through in other member states, that simplification will apply Community-wide.

Liffe to launch three-month Ecu contract

pean Commission in Brussels ahead of a string of new legis-

lation which could seriously affect the way many conduct

According to Mr Rüdiger von Rosen, chairman of the Euro-pean Capital Market Group (ECMG) and executive vice chairman of the Federation of

German Stock Exchanges, the decision last year to revive the ECMG and to shift its focus away from purely technical issues hack to its roots in several to the several technical issues hack to the roots in the several technical issues.

averyday business stemmed from the approach of the free internal market after 1992 and a general feeling that EC stock

a general reeing that EC stock markets needed to develop closer political links with the Commission.

The ECMG is a sub-group of

the EC Stock Exchange Committee. The topics now on its agenda certainly cover a daunting variety of issues including indirect taxes, takeover bids and insider trading.

But after a meeting last month with Sir Leon Brittan, the European Commissioner

responsible for stock exchange

business, the bourses - repre-sented by Mr Ettore Fumagalli,

president of the EC Stock

Exchange Committee, Mr Jef-frey Knight, chairman of its

working group and chief execu-tive of the London Stock Exchange, and Mr von Rosen

- may be making some prog-

With widely differing regula-

tions and trading practices

To date, US exchanges have

their business

By Katharine Campbell THE London International Financial Futures Exchange (Liffe) plans to launch a short-term interest rate future denominated in Ecu, possibly in the third quarter of this year, according to Mr David Burton, Liffe chairman, who depressed prices.
Traders noted that there was still quite significant switching was addressing an Interna-tional Financing Review con-

ference on the single European market. experimented, not very suc-cessfully, with Ecu currency contracts, but no three-month

interest rate future exists. When Liffe undertook a market survey last December to gauge demand for the product, the London exchange discovered greater demand for a EuroD-Mark future, which it is

launching next week.

But in spite of the underdeveloped state of the Ecu cash market, there continues to be considerable interest in the basket currency, particularly since the UK Government began issuing Ecu-denomi-nated Treasury bills regularly.

The Bank of England is known to be keen that Liffe introduce such a futures contract.

Current lack of liquidity in the cash market might be over-come by a novel market maker system on Liffe, Mr Burton dozen traders would be committed to making regular two-way prices on the exchange floor - a practice commonplace in options prodncts but untested in tha

While Mr Burton devoted

much of his speech to underlining the desirability of co-operation between European derivatives exchanges, competitive issues also emerged.

The Matif's outline agree-

ment to join Globex - the electronic trading system being developed jointly by the Chi-cago Mercantile Exchange and Reuters - is likely to include an arrangement giving the French exchange sole rights to trade Ecu as well as French franc products within the new system. Mr Burton said.

Kredietbank prices issue

AN international share offering of 1m shares for Kredietbank, the Belgian bank, was priced yesterdey at BFr4,375 (\$110) a share, writes Stephen Fidler.

Morgan Stanley Interna-tional, head of the international equity syndicate, said the underwriters were granted an over-allotment option for a further 100,000 shares. The shares closed on Tuesday on the Brussels stock exchange at BFr4,700. They will be entitled to dividends for the financial year beginning April 1.

LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY

Maria Company of the FT-ACTUARIES SHARE INDICES

the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS		Wedne	sday A	pril 12	1989	9	Apr 11	Apr .	Apr	Year ago (approx)
F	& SUB-SECTIONS gures in parentheses show number of stocks per section	Index No.	Day's Change	Est. Earnings Yield% (Max.)	Gress Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	zd adj. 1989 to date	Index No.	Index No.	Index No.	Index No.
1	CAPITAL GOODS (207)	920.76	+8.3	16.69		.11.49	7.22	918.92		926.87	
2	Building Materials (29)	1175.84	+8.4	11.31	4.85	10.89	3.92	1171.45			
. 3	Contracting, Construction (38)	1673.60	+0.6	12.63		10.35		1662.91			
4	Electricals (10)	.2482.39		8.40		14.64				2716,49	
5	Electronics (30)	12070.20	. +6.8	- 9.32		14.21	12.62			2861.53	
0	McCirculton Cibinscring C77	4 . 770. 74	-	14.45		11.70	4.94	496.92		501.59	
. 8		530.42		14.47		7.81			529.29		
9	Motors (17)	303.76		21.93		9.75					
10		1511.A3	-0.5	9.73		12.23	21.63	1519.10	1510.25		
27	COMMUNICO COMID /1 943	1156.50	+0.2	9,26		13.66	. 5.74			1157.27	
22	Brewers and Olstillers (22) Food Manufacturing (20) Food Retailing (15) Health and Household (14)	1247.14	43	16.37	3.68	12.19	5.36		1251.18		
25	Food Manufacturing (20)	2004.44	-	.9.50	4.85	13.13	10.15	1004.76	999.28		
26	Food Retailing (15)	2806.71	+6.3	9.85	3.57	24.54	8.97	2000.65	1989.73	1998.44	2114.02
27	Health and Household (24)	2257.51	+1.3	6.32	2.58	. 18.68	. 7.33	2239.78	2207.46		1822.91
-	Letsure (2.3)	11307-73	-8.7	7.76	3.44	16.21	13.42	1568.19	1562.99	1586.78	1289.28
31	Packaging & Paper (16) Publishing & Printing (18)	562.88	*********	10.47	4.27	11.66	5.84	563.00	557.93	568.41	498.24
32	Publishing & Printing (18)	3559.90	-43	9.01	4.55	13.78	5.06	3561.23	3557.26	3591,77	3497.84
34	Stores (33)	739.57	+6.2	11.68	4.74	11.22	1.75	738.23	739.15	747.80	843.22
-	T	EAL #3	+0.1	12.27	5.58	9.89		586.47	584.63	506.18	575.40
40	GROUPS (94) Agencies (18) Chemicals (22) Conglonerates (11) Transport (13)	1047.04	+0.3	19.34	431	11.79	8.37	1944.37	1041.43	1954.61	880.62
41	Anencies (38)	7279.52	+4.9	8.33		15.36	12.34		1251.79	1252.04	
42	Chemicals (22)	1183.59	-8.4	11.30		10.63			1193.24	1198.13	1012.42
43	Conglomerates /11)	1475.80	-0.1	10.35	4.97	11.17	4.76		1469.11		1173.37
45	Transport (13)	2328.67		8.55	3,70	15.63	16.45	2328.50	2331.42	2347.10	
47	Telephone Networks (2)	1097.09 1441.70	+9.6	10.70	4.28	12.15	0.05	1090.75	1081.73	1118.65	
	Miscellaneous (28)	7447 78	+0.7	10.25	4.10	18.49		1431.56			
	MISCELLARCOS CEO	1045.18			4.92				1079.05		_
	INDUSTRIAL GROUP (467)		+0.2	9.92		12.45					
51		1931.85	-0.1	10.25	5.75	12.51					1870.56
59	500 SHARE INDEX (500)	1157.20	+0.2	9.96	4.24	12.46	9.85	1154.99	1151.34	1162.26	1822.88
61	FINANCIAL GROUP (123)	722.54	-14	.=.	5.30		12.54	725.66	724.53	733.54	444.82
62	Banks (8)	707.36	-6.4	24.32	6.72	5.45	29.35	713.85	714.77	722.61	628.89
65	Insurance (Life) (B)	7834.04	-14	-	5.74			1051.79	1044.68		967.87
64	Insurance (Composite) (7)	584.45	-8.6		5.94		18.03	584.03	585.10	592.49	
47	Insurance (Brokers) (7)	924.62	-46	9.33	6.82	14.61	16.38	930.61	928.14	943.18	
6R	Merchant Banks (2.1)	326.51			4.59		3.61	326.42	326.86	331.43	339,34
69	Property (52)	1292.63	+8.5	8.78	2.70	22.80	4.14	1287.87	1285.69	1294.29	
70	Other Financial (30)		48.3	10.92	5.81	12.55	3.56	369.21	362.29	365.47	395.77
-	Venter of Tarrier Commencer Commencer	1082 32	+5.4	20100	2.96	-	6.82		1078.52	1003.57	875.86
71	Investment Trusts (73)	656.04	9.7	1.23	3.88	12.50	10.45	1077.55 451.38	656.40	674.88	466.74
81	Mining Finance (2)		+8.2	3.63	3.89	13.56	15.93		1367.58	1378.27	1027.13
91			_								
99	ALL-SHARE INDEX (706)	1051.87	+0.1		4.36		18.42	1050.65	1048.43	182872	928.13
		Index No.	Day's Change	Day's High (a)	Day's Low (b)	Apr 11	Apr 10	44	Apr 6	Apr 5	Year ago
	FT-SE 100 SHARE INDEX	2033.0		2046.3			2825.0	_		2978.2	
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2 5-15 years 132.43 -0.23 132.98 0.24 5.60 3 Over 15 years 143.21 -0.16 143.44 - 5.33 4 trreteemables 168.42 +0.02 168.38 - 1.51	7 High Syears	10.98 10.93 10.00 9.93 9.52 9.56	9.30 9.30
5 All stocks	10 Irredeemables 11 Inflation rate 5% Syrs.	9.21 9.21 3.63 3.64	2.2
	12 Inflation rate 5% Over 5 yrs. 13 Inflation rate 10% Over 5 yrs. 14 Inflation rate 10% Over 5 yrs.	3.59 3.66 2.76 2.75 3.43 3.44	1.3
	15 Peis & 5 years	12.56 12.50 11.82 11.85 11.19 11.15	10.5
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LONDON TRADED OPTIONS THE NEW financial year continued The April expiry roll-over in dard, showing e charp fall from the London Traded Options Mar-ket yesterday, though it was per-haps a stronger factor that it was April Expiry day in individuel stocks. Overall market business came to 56.236 contracts, made tha day's statistics. An aarly count, struck on the close of deal-Ings, showed Steel as having an opening of interest in the April 80 calle oi 227 contracts to 2,327. There was also opening of posi-tion of 971 to 5,681 in the July 80 up of 40,783 calls and 15,453 puts. It was etocks that showed little net movement on the underlying market, however, which led the way in traded options dealings.

csils. The first of these series attracted 1,547 contracts and the second 1,882.

Trading in the FT-SE 100 index continued to run under the spell of the clutch of intletion news. coming out at the end of the week from the UK and the US, elong with the monthly US overseas trade deficit figures.

Dealings In the index options

the relativaly high level seen on Tuesdey. Overatt business index business cama to no more than 4,929 contracts, comprising 2,652 calls end 2,277 puts. The index itself gained 1.7 points on the day to 2,033, helped by e mild upward dreg from the London tnternationel Futures contract in it, which showed a modest premium over TSB again caught the eye, on 2,521 contracts, of which only 112

2,321 contracts, of which only 112 were calle and 2,409 puts. The most heavily traded series was the April 110 put, which found 1,757 contracts, including e closing of interest of 1,450 contracts to 1,113.

market								were m	ode	st by	ar	y r	ece	nt s	tan-	to 1,113	3.						
Option		Apr	501 S	Oct	Apr	PUTS Jul	Oct	Option		Apr	Jet		Apr	PUTS Jul	Oct	Option		Hay		Nev	May	PUTS Any	Hav
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Brit. Airways (*196)	180 200 220	17	22 10 4	26 16 8	4 6 26	5 14 29	7 16 31	Trafalger (*372 i	360 390	14	26 13	38 20	2 20	16 36	19 36	RTZ (*522.)	500 550	70 35 9	87 57 28	70 43	7 33	19 40	25 47
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Boots (*264)	260 280	5	17 8	26 18	鸡.	12 24	13 27	Ultramar (*294)	294 300	1	24	33	2	23	30	Vaal Reefs (*582.)	80	6 2	9	12	212	5 12	7½ 14
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7305) .	280 300 330	26 2	23 15	38 23	1 27	13 30 7	19 34	Plessy (*265)	240 260 280	33 20 10	39 27 17	47 47 44 41	6 14 28	21 10 32	11 22 33	2000 56 2050 24 2100 81 ₂ 2150 21 ₂ 2200 1	87 55 31 17	75 52 33	47	32 70 120	45 70	5255782	19 30 44 60 88 125 170
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No evidence of consumers trading down to cheaper products

Tesco pleases City with £276m

By Maggle Urry

TESCO, the food retail group, suffering no ill-effects from the squeeze on consumer

spending, Sir Ian MacLaurin, chairman, said yesterday. He announced that pre-tax profits in the year to February 25 had risen over 22 per cent to £276m, at the top end of analysts' expectations. The shares 5p to close at

158p. Sir Ian, and Mr David Mal-pas, managing director, admitted some surprise that consumers had not traded down to cheaper products, but said that spending on food had become a smaller proportion of most peo-ple's budgets and the last area people were prepared to cut back. Mr Malpas said that even in economically depressed areas Tesco operated success-

fully.

Sir Ian said: "turnover in the first few weeks of the current year cootinues to be very satisfactory." He was "extremely pleased" with last year's figures. Sales, after a dull summer, had picked np around

Christmas and continued well. Currently sales in like-for-like stores were running 6 per cent up, against 5 per cent in the last financial year, with inflation for the group's products at about 4 per cent.

Overall turnover, excluding VAT, rose by 14.5 per cent to \$4.72bn, and operating margins were up from 5.2 per cent to 5.9 per cent. Sir Ian said the increase in margins was due to the formation of the content of the the performance of "conforming" superstores — the large modern stores offering the up-to-date Tesco "package". Tesco has 126 of these out of a total of 372 stores.

These stores were showing sales gains of 10 per cent and schieve an operating margin of around 8 per cent. About half of group sales are made through the conforming stores, and this percentage would rise as new stores open. Capital expenditure during

the year totalled £485m, of which £320m related to new stores; 16 stores were opened

during the year with 22

hard on 'green' products. planned in the current year. Even so net borrowings fell by £51m to £216m. 251m to 5216m.

The group is pushing hard on "green" products which Mr Malpas said had captured the public imagination, "people want it and we are going to provide it" he said. Unleaded petrol now made up 20 per cent of sales in Tesco's petrol sta-

Sir Ian MacLaurin: pushing

Sir Ian said the group was improving pay deals to staff, particularly for young staff in the anticipation of labour shortages. However, Mr David Reid, finance director, said that productivity gains would mean that staff costs would not rise significantly as a percentage of

The pre-tax profit figure included property sales profits of £10.7m (£6.6m) and is after net interest receivable of £2.4m (£15.3m). The group bad decided to provide for extra interest which might become payable on its convertible bond issue which cost £5.8m (£5m). Employee profit sharing took £13.6m (£10.7m).

After s tax charge of 32.5 per

cent (33.3 per cent), earnings per share on a fully diluted basis, and excluding property profits, were 11.32p, up 17.2 per cent. The final dividend is raised to 2.325p, giving a total for the year of 3.5p, up 22.8 per

Pearl up 40% in spite of relocation costs

By Eric Short

PEAL'L GROUP paid out £7.5m in 19.18 to meet costs so far incurred in its relocation to Peterbarough. And relocation costs this year could be at least twice as much as the redundancy programmes get under

Nevertheless, the group reported s near 40 per cent rise in after-tax profits for 1988 from £31m to £42.9m, thanks to cootinued good life profits and a strong recovery in its general

insurance business. Earnings per share rose from 17.2p to 23.8p.

The recommended final dividend is raised to 9p making 15p for the year - an increase of

20 per cent.
On its mainstream life and pensions business, where profits continued their npward growth with a 13 per cent increase to 249.2m, Pearl particulated for the period of the p ticipated fully in last year's pension sales boom, writing

Hillsdown seeks guidance

By Nikki Tait

KLEINWORT BENSON, advisers to Hillsdown Holdings, yesterday confirmed that they had asked the Takeover Panel for guidance ou whether the food, furniture and prop-erty group is bound by the uor-mal three-week deadline folmai three-week deading for-lowing Mouopolies and Mergers Commission investiga-tions, should it wish to bid for Pittard Garnar, the leather company. The Panel has yet to

respond.

The situation is unusual in that Hillsdown never made a bid for Pittard, but asked the MMC to conduct an investigation into any potential increase in its 16.5 per cent holding.

The request was made in the

The request was made in tha light of the referral of a £41m hid for Pittard from Strong & Fisher. Both inquiries resulted in clearance from the MMC.

three times the amount of business written in the previous

Indeed the group captured 10 per cent of the new personal pension market, having issued 120,000 proposals in the nine months since these contracts first became svailable on July

This offset a decline in unit-

linked sales, with investor confidence hit by the 1987 stock market crash, and a fall in industrial life business following the introduction of the stringent requirements of the financial services regulations. Pearl's non-life business showed a strong recovery last year, thanks mainly to favour-able weather. Profits rose from a virtual break-even position in 1987 to £14.7m last

Mr Einion Holland, chair-man, reported that FIA now has a 13 per cent holding in the

marketing, media advertising and through indapendent financial advisers, starting with the promoting of its unit trusts. A new investment product is being launched

Pearl's results were somewhat

better than expected by the market, thanks to a very strong recovery in its, mainly domestic, general insurance business. The group's actuary is still maintaining the traditionally cautious approach to unlocking surplus from the life trade and life profits were funds and life profits were below expectations, Continued growth from life profits can be expected this year with 1988's pensions business starting to produce profits. The general insurance operations should maintain profits unless Antumn weather in the UK man, reported that FIA now has a 13 per cent holding in the group.

He also indicated that the group was looking at expanding its marketing and distribution channels beyond its traditional field force into direct and assessment of Pearl's prospects.

DTI looks into shares of three companies

By Ray Bashford

THE Department of Trade and Industry is investigating trad-ing in the shares of Mersey Docks and Harbour Company, Metal Closures and Winch-more, Mr Francis Maude, the Minister for Corporate Affairs

Minister for Corporate Affairs announced yesterday.

The inquity is being carried out by Mr David Evan and Mr Brian Worth who last July were appointed to investigate Francis Industries, F.H. Lloyd and James Neill Holdings which have been linked with Mr David Abell, the chairman of Suter, the industrial holding company.

ing company.

Mr Abell is deputy chairman
of Mersey Docks, Suter is a 23
per cent shareholder in Metal Glosures, the packaging and printing company and Mr Abell has owned shares in Winchmore, the engineering

investigation announced yesterday is being carried on under Section 442 of the Companies Act and will focus on determing whether there have been breaches of Section 294 of the Companies Act relating to concert party

The same sections of the Companies Act are being used in the investigation announced last July into Francis Industries, F.H. Lloyd and James

Mersey Docks revealed earlier this week that DTI inspec-tors had appointed inspectors to probe dealing in the com-

pany's shares. These inquiries are being carried out under a section of the Companies Act relating to insider trading. The compa-ny's shares rose dramatically in 1987 in the six week run-up to the July announcement of a major property development in Liverpool

The DTI yesterday followed usual practice and refused to comment on the statement or confirm the Mersey Docks statement on the insider trad-ing investigation.

Verbal dual at Audio **Fidelity**

By John Thornhill

THE extraordinary general Audio Fidelity, the consur products company, was cer-tainly out of the ordinary.

The meeting was called to The meeting was called to discuss a proposed seven-for-eight rights issue, but almost immediately it deteriorated into verbal combat between Mr Steven Goldberg, the force-ful former managing director of Audio, and Mr Iain Burton, the bewildered-looking present chairman and former creator chairman and former creator of the Hot Gossip dance group. The two businessmen took over Audio in 1967 but have

over Audio in 1987 but have since spectacularly fallen out with each other, resulting in January in Mr Goldberg's removal from the board.

Mr Goldberg, who still has an 18 per cent stake in Audio, seized the opportunity to ask 11 questions of the board, much to the apparent irritation of Mr Burton.

The guestions related to Mr The questions related to Mr Burton's handling of Samleco Telecommunications, a loss-

making subsidiary, and Cap-tain Billys Music, Audio's record company. Mr Goldberg also asked the board about accounting irregularities that became public earlier this year, dealings in the group's shares, the company's intenshares, the company's intentions regarding the sale of the
audio division, and about a
Park Lane property which he
said was "used as a residence
by a lady who is not employed
by any group company."

After discussing the questions with Mr Peter Woodward, the newly-appointed
finance director, Mr Burton
responded.

He said it was Audio's intention to sell Samleco and he was now in dialogue with its directors. He also confirmed that Audio was considering offers for its audio division. He denied dealing in the com-pany's shares but refused to answer the "personal ailega-tions" made against him.

As to the accounting irregu-larities, he said that Stoy Hay-

ward, Audio's auditors, had quantified a discrepancy of £527,000 and were investiga-ting who was at fault. "We are taking legal advice about what action can be taken against those found to be responsible,"

Mr Goldberg said he was air Goinberg said he was dissatisfied with the answers and asserted that Mr Burton was not a suitable person to run a public company. If nec-essary, he said, he would call a shareholders' meeting to dis-cress this issue cuss this issue.

About the only thing Mr Goldberg and Mr Burton seemed to agree on was the desirability of the rights issue and in the last five minutes of the meeting the resolution was

European construction growth boosts RMC

By Andrew Taylor, Construction Correspondent

biggest producer of ready-mixed concrete,last year increased pre-tax profits by 87 per cent to £205.9m. The rise reflected increases in construction output in most leading European countries where the

British group operates.

The only markets to show flat or a slight decline in profits last year was the US and Austria, said Mr Jim Owen, Austria, said in each own, RMC's managing director. The group produced more than 30m cubic metres of con-crete last year, enough it said to hulld four ring roads around

Sales volume rose by 18 per cent in the UK by more than 14 per cent in France and by just under 4 per cent in West Ger-many. Margins in West Ger-many also improved signifi-cantly.

Group turnover during the 12 months to the end of December rose hy 15 per cent to £2.06bn. Profits would have been £6m higher but for adverse currency exchange movements, said Mr Owen.
The biggest profits increase occurred in the UK, Europe's second fastest growing con-

struction market last year

RMC GROUP, the world's after Spain, where RMC also has a small but expanding concrete and aggregates business.
UK profits from RMC rose by almost 50 per cent last year to £127.5m. Sales increased by more than a quarter to just under £1bn.

West German profits rose by 21 per cent to £32.1m. The increase was 32 per cent before translation into sterling, said Mr John Camden, RMC's chair-man, who helped found the

group's German subsidiary.
RMC is Germany's biggest concrete producer with about 17 per cent of the local market. It sald West German construction output had improved since househulding reached its low point in the mid 1980s. RMC is also the largest whol-ly-owned producer of concrete

in France, it said sales and profits from France were expected to increase this year following a series of recent small acquisitions. It acquired a further 17 ready-mixed concrete plants and two more quarries in

France last year.
RMC said it expected profits to remain flat in the US where construction output was fore-cast to fall by about 5 per cent

this year. The market was par-ticularly difficult for readymixed concrete in Atlanta, Georgia, where one of RMC's major competitors was Blue major competitors was blue Circle, Britain's biggest cement manufacturer. Blue Circle is due to publish its annual results today.

RMC said the UK market was expected to remain very strong but sales growth would not be at last year's hoady noce Mr Camben said sales of

pace. Mr Camden said sales of concrete and aggregate during the first three months of this year were ebout 5 per cent to 6 per cent higher than during the first three months of 1988. Worldwide profits from ready-mixed concrete and aggregates rose from 2106.6m to 2152.3m. Profits from concrete products, cament and lime, used among others by the West German steel and chemi-

cal industries, rose from 228.2m to £30.4m. Merchanting do it yourself, waste disposal, security and leisure businesses in the UK increased operating profits from £20.5m to £28.2m. A final dividend of 9.9p (7.5p)

makes a total of 14.5 (lip) for

Hewden Stuart up to £28.27m

CONTINUED STRONG

demand across its businesses boosted taxable profits at Hewden Stuart, the Glasgow-based plant hire group, to £28.27m for 1988, an increase of 62 per cent. Turnover, at £201m, showed an increase of 30 per cent. Earnings per share, fully dilnted, rose from 8.53p to 13.13p and the proposed final dividend is 2p giving a total for the year of 2.75p (2.04p). Sir Matthew Goodwin, chairman, described the results as

man, described the results as

The hire operations division. which generates the bulk of group profits, experienced a significant increase in demand in the Midlands and the north. The merchandising division,

benefiting from improved mar-

gins and sales, reported profits 61 per cent higher at £3.48m. **COMMENT**

Hewden's results will displease only competitors and analysis; the latter having repeatedly upped forecasts from beginning of year estimates of £22m only to be beaten by the final tally. The story behind the impressive performance is fairly simple strong markets, good management, high capital

expenditure, the increased sub-contracting within the con-struction industry – and does not need to be buttressed by consideration of another warm winter. Of the relevant factors only the first contains a ques-

future in that any marked

tion mark for the fores

as it did in 1981. But 1989 cer-tainly looks promising and there is as yet little ground for pessimism beyond that. With 34,000 active accounts at the last count, including most of the blue chin companies, the group has a business customer spread to match its geographic one and has a relatively low exposure to the housing market. More immediately, the high levels of capital expenditure have positioned it well to benefit from the lively markets north from the Midlands. Overall profits in the region of £36m can be expected; which on the basis of today's share price of 146p, up 5p, gives a multiple of 8.5.

slowdown in economic activity must ultimately affect Hewden.

Rumour lifts Gold Fields' share price

By Kenneth Gooding, Mining Correspondent

A false rumour that a New York court had removed the injunction which stops Minorco, the Sonth African-controlled investment company, buying any more shares in Consolidated Gold Fields, the UK diversified mining group, yesterday sent Gold Fields' share price sharply unwards briefly.

upwards briefly.

It jumped from £18.30 to £13.70 before settling back to close st £13.53 after Judge Michael Mukasey denied be had lifted the injunction. The judge is currently attending a seminar and will not be back in court until next Monday. in court until next Monday. Meanwhile, the war of words between Gold Fields and

DIVIDENDS ANNOUNCED Current Date of ponding for payment payment dividend year Total Isst year 1.9× July 8 15 52 5.5 0.71 7.1 1.13 1.4375 8 0.9 2.15 7.5 5.104 7.5 2.25 9 12.2 2.18 1.79 2.75 12 2 5.71 9.8 15 12.211 14.5 2.0 10.6 1.67 1.63 2.04 9 1.7 3.65 12.5 6.5625 11 7.5 5 2.85 Higgs and Hill Jacks (William) Mocca Leisuro 1.1 1.2 6.8) 9 61× 6.9 3.25 Needler Group §fin June 14 Aug 4 May 25 June 9 5t

Dividends shown pence per ahare net except where otherwise stated. Equivalent after allowing for scrip issue. FOn capital increased by rights and/or acquisition issues. §USM stock. §SUnquoted etock. ¶Third market. ★Carries scrip option. ‡For 15 months. ‡‡For 16 months. ★Paid prior to demerger of Michael Page Group. ‡Canadian currency throughout.



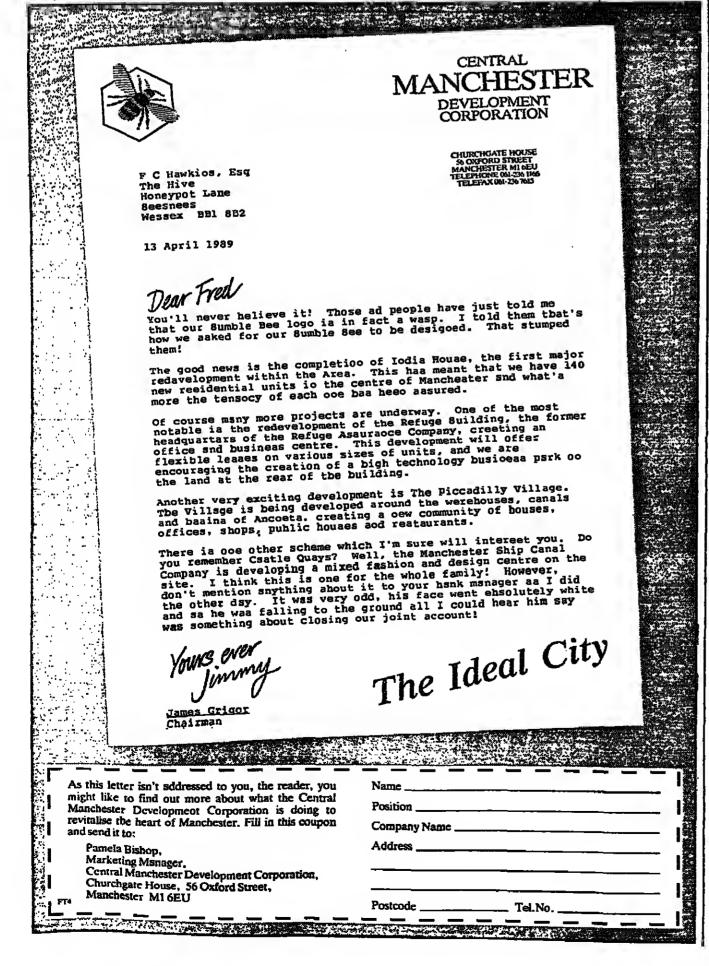
Profit before tax £4.9M £4.1M +18.7% Earnings per share 79.7p 65.6p +21.5% Dividend per share 30.0p +20.0% 36.0p

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UK COMPANY NEWS

Friendliness pops up in international corporate affairs

Getting the structure correct was essential. Philip Coggan reports

HE COURSE of true corporate love never did run smooth. Melding together two companies the size of Smithkline Beckman and Beecham involves far more than just deciding that the husinesses complement. the husinesses complement

The structure of the com-bined group is vital in over-coming regulatory and legal problems and in persuading shareholders of both compa-nies they are received with

shareholders of both compa-nies they are receiving maxi-mum value, allowing for tax.

Friendly international merg-ers on the scale of the Smith-Kline/Beccham tie-up are still comparatively rare. When the two parties and their advisers sat down to discuss how the combined company should be

established, the most obvious examples were the Anglo-Dutch combines Unilever and Royal Dutch/Shell.
But those groups are essentially structured as two separate operating businesses with a small holding company. If SmithKline Beecham was to achieve real avnergistic beneachieve real synergistic bene-fits, such a divided structure

would be inappropriate.

Both sides are keen to argue that this is a merger, not a takeover, and a completely new company seemed to be the most convincing way of demonstrating the fact. Thus the decision to use "Smith-Kline Beecham" as the takeover vehicle, rather than have one company formally absorb

The choice of location revolved around three options: the UK, the US and some "neuwas quickly ruled out as it was likely to complicate the tax positions of investors in both the UK and the US.

In the end the UK was chosen – perhaps because Beecham was effectively the stronger partner of the two; perhaps because the deal would be easier to sell to UK institutional investors; perhaps because of easier merger accounting treatment, perhaps because it kept the merged group within the confines of the European Community. The principle behind the

MOSSES Re

financial structure of the deal is to divide the new group's equity equally-between Smith-Kline and Reecham shareholders. Unfortunately, the issue was complicated by the different tax needs of UK and US investors and by the desire of

posals before the merger.

I nder UK law, tax is automatically deducted ment before it is sent to the investor. In the US, dividends are paid gross and investors taxed on the proceeds.

If dividends were paid straight from the UK to the US.
American investors would initially receive the net payment, after UK tax; they could claim part of that back under double taxation treaties; then they would pay US tax on the proceeds.

So the decision was taken to treats two classes of shares—
the A shares would be offered
to Beecham holders and would
be conventional ordinary
shares. The B shares, which
would be offered to Smithkline would be othered to smithkine holders would have a preference share attached in a so-called "stapled unit", which could not be split and traded

eparately. The dividend payment on the preference share would be set at a level so that the effective income streams from the A and B shares would be the same. Also, both sets of shares

same. Also, both sets of shares would have equal rights.
Although the two sets of shareholders will each end up with 50 per cent of Smithkline Beecham, the value of the remuneration packages will not be the same. Beecham shareholders will receive loan stock, which since it is underwritten. written, can quickly be exchanged for cash.

SmithKline investors will receive allocations of shares in Allergan and Beckman Instruments, the two companies that are being spun off from Smith-Kline. The uncertain financial effects of the spin-offs makes putting a value on the deal for Smithkline shareholders so difficult - although analysts were guessing at \$62.50 to

\$64.50 per share yesterday.

The Bob Rauman, the Beecham chairman who will be chief executive of the merged group, was keen to emphasise that the disposal was a pet designed. disposals were not designed to avoid monopoly difficulties, although the deal obviously faces approval under both US Hart-Scott-Rodino and UK Monopolies Commission rules.

The main regulatory prob-lem, besides tax, was account-ing. UK GAAP is relatively straightforward in its treatment of mergers but there will still be the question of how to present the combined group's figures in the US under its accounting rules. Given the haste with which the merger was put together, that was one of the issues remaining to be settled.

Given the current enthusiasm for cross-border corporate one major company watching to see whether the two compa nies' sets of advisers (Kleinwort Benson and Wasserstein Perella for Beecham; Goldman Sachs and JP Morgan for SmithKline) have successfully surmounted all the technical problems.

Sema shares rise 31p after foray in market

By John Ridding

SHARES IN Sema Group, the SHARES IN Sema Group, the Franco-British computer services company, yesterday rose 31p to 321p following an attempt by Barclays de Zoete Wedd to acquire 4.5 per cent of the shares at 319p each.

BZW said that it was acting on behalf of a client which it refused to name. However it was almost certainly acting for Scottish Amicable, hold seats on Sema's board and were

was almost certainly acting for Cap Gemini Sogeti, the French software house which held a stake of 201 per cent in Sema prior to yesterday's attempted purchase. It is believed that the attempt was unsuccessful.

Mr Philip Gregory, Sema group finance director, said that the company has asked CGS to confirm if it was

behind the action.
Analysts believe, however, that there is little immediate prospect of CGS bidding for Sema because of the influence and inclinations of Sema's large institutional investors.

Banque Paribas holds 32.9 per

on Sema's board and were involved in the management restructuring towards the end

of last year.

Analysis were also puzzled by the timing of the move given that the shares were just over 2500 in the middle of January. They were also impressed by the fact that a 10 per court meaning apparently. per cent premium apparently failed to win the desired 4.5 per

Given these considerations analysts said that CGS was probably adopting a long-term strategy in the hope that insti-tutional support for Sema may

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The right chemistry to create a global force

Peter Marsh examines the proposed merger between Beecham and SmithKline Beckman

ESTERDAY'S merger agreemant hetween Beecham of the UK and SmithKline Beckman of the UK and SmithKline Beckman of the US should produce "a major global force" in the healthcare indus-try, said Mr Bob Bauman, chief

try, said Mr Hob Bauman, chief executive-designate of the new combined company.

SmithKline Beecham, as the new company will be called, will have annual sales of about \$2.7bn, split roughly equally between prescription pharmaceuticals and general health-care products.

The latter encompasses nonprascription or over-the-counter (OTC) medi-cines, animal health products. laboratory services and health-related consumer products including toiletries. Under yesterday's agreement, which is subject to shareholder approval hnt which executives involved in

the negotiations hope will be ratified by the summer, Mr Bauman will be responsible for

the day-to-day operations of the new company. Mr Bauman, a 58-year-old American, is currently chairman of Beecham, a job he took up nearly three years ago after a career mainly in marketing jobs in the US. He is credited with having achieved a turn-round at the British company, which encountered difficulties

in the early 1980s.

Mr Henry Wendt, currently



Bob Bauman (left) and Hugh Collum

chairman of SmithKline Beck-man, is to become chairman of

the marged group. He will have a largely supervisory role As well as Mr Bauman and Mr Wendt, three others of the seven-strong upper manage-ment of the new group will be American, although it will have its headquarters in London. Beecham is providing four of the seven, with three from the US company. Mr Hugh Col-lum, finance director of Bee-cham, will become finance director of the new company. As part of yesterday's announcement, Beecham said

its estimated pre-tax profit for the year to March 31 was about £490m, a 17 per cent increase on the £419m made the previ on the 2A19m made the previous year. This profit figure was arrived at on the basis of unaudited accounts for the 46 weeks ending February 17. Beecham is not due to produce its final figures for 1989 until June. Earnings per share were, on

this hasis, roughly 39.7p (33.3p). Beecham also announced a second interim dividend of 9.7p per ordinary share, making a total dividend for the ware of 150. The divi-

for the year of 16p. The dividend in 1988 was 14.3p.

Mr Bauman said he was con-fident the merged company would quickly produce finan-cial results better than either of the two groups could attain separately. "We have a tremen-

does opportunity to learn from each other. The personal chemistry is right."

The new company will he the second biggest in the world's \$120bn-2-year prescription drugs business after tion drugs business, after Merck of the US. It will also occupy number two position in the OTC industry, which is worth \$20hu a year and in which the top company is American Home Products. SmithKline Beecham will

become the fourth higgest business in the \$7.5bn-a year animal health products sector. The leading companies in this field are Hoffmann-La Roche of Switzerland. France's Rhône-Poulenc and Pfizer of the US.

The existing operations of
SmithKline and Beecham in
scientific instruments.

scientific instruments, eyecare and cosmetics will not, under yesterday's plan, form part of the new combined group. These activities are either to be sold to outsiders or spun off to shareholders.

Unilever, the Anglo-Dutch foods and chemicals group, is thought to be a leading contender to buy the Beecham cos-metics husiness, which is reck-oned to be worth about £600m. Mr Bauman said yesterday

the new group would achieve considerable economies of scale hy putting together the research and development (R&D) and marketing staffs of

(R&D) and marketing stains of the two separate companies. There would be some 5,000 people in pharmaceuticals R&D, with an annual hudget of about £300m, putting tha new group in the top five in the industry in research spending. A combination of tha two companies' marketing forces would give a total of 6,000

would give a total of 6,000 pharmaceuticals salesmen. Of these people, whose main job is to convince doctors of the value of their company's products, 2,800 will be in Europe, 1,000 in the US and 500 in Japan. Mr John Chappell, who is to

become chairman of the pre-scription-pharmaceuticals divi-sion of the new company and who is currently head of SmithKline Beckman's drug husiness, said he "felt wonder-ful" about the prospects for the merged group.

It emerged yesterday that Mr Bauman and Mr Wendt started serious merger talks soon after the two men met for the first time last summer. They had met initially to dis-

cuss cross-licensing of each other's products. But then both sides realised they could gain from a more formal combina-tion, executives said yesterday. Mr Chappell denied yester-

SmithKline Beecham At a glance

Consumer 20%

1988 pro-torma sales £3,756 m

day that SmithKline's interest in the merger had been prompted by the rumoured threat in recent months of a rival drugs company mounting a takeover hid for SmithKline. In the past two years, many drugs industry observers have criticised what they see as SmitbKline's lacklustre commercial performance. Much of this has concerned lower-than-expected sales of Tagamet, a Smithkline ulcer drug which in the early 1980s bad heen thought of as one of the drug industry's most exciting prod-

Mr Chappell said the criticism bad not necessarily been unjust but that Tagamet was still a very good product for the merged group.

Who says the territory and territorial 1988 didn't tinish sunny side up?

in a year of mixed formnes for some, 1988 has finished on . a high note for Sun Life. The annual results prove as much. Total profit after tax from our three life companies is up

Again, the surplus from Sun Life Assurance Society provided

an impressive 276% to £23.6 million.

the huge rush of new business written in 1988.

the higgest contribution; a 23% increase to £172 million. Sun Life Pensions Management, however, has an unchanged surplus of £3.2 million due to the inevitable strains associated with

On the other hand, the surplus of Sun Life Unit Assurance, our unit-linked life subsidiary, is up to £3.2 million from £1.3

been for the difficult investment climate of 1988 casting a shadow over the unit trust industry as a whole.

Along with many others, Sun Life Trust Management experi- other bright spots which can't be ignored. enced difficulties, but positive action has been taken and things are brightening up already.

So, for the most part, a very suony picture.

The overall effect is that profit on ordinary activities after tax is up 11% to £23.2 million.

And out of that net profit we have been able to raise dividends for the year by 15%.

The future looks bright 100, with plans in expand into

It would have been a brilliant year all-round had it not continental Europe advanced by our strategic linkage with UAP, one of Europe's largest insurance companies.

Along with dividends and post-tax profits, there are two

The distribution of bonuses to policyholders is at a remark-

able £174 million, yet another record, and up by 22% on 1987. Lastly, funds ooder management at the end of 1988 stand at

£6.7 billion, an excellent rise of 16%. So yes, all in all we think we can

say that 1988 finished sunny side up for



The 1988 Report and Accounts of cos of Britain's most consistently successful function groups, is now available. For your copy, please contact: Sun Life Assurance Society ple, on Facting, 10-806 7789, or write to 107 Chempaide, London EC2V 6011.



PRELIMINARY ANNOUNCEMENT

Year ended 31st December 1988

Financial Highlights

	1988	1987	increase
TURNOVER	2,065.0	1,788.7	15%
PROFIT BEFORE TAXATION	205.9	150.7	37%
EARNINGS PER SHARE	58.4p	42.1p	39%

Proposed final dividend of 9.9p (1987 7.5p) making an increase for the year of 32%

The 1988 Annual Report will be posted to shareholders on 28th April 1989. To reserve a copy, telephone 01-890 1313

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FINANCIAL TIMES

UK COMPANY NEWS

Polly Peck just exceeds forecast

POLLY PECK International, agricultural, electronics and textiles group, yesterday announced pre-tax profits of £144.1m for the 16 months to December 31. The result nar-rowly beat the profits forecast of £142.5m that accompanied the £133m rights issue last

In 1988, the group made pro-forma pre-tax profits of £112.2m on sales of £761m, compared with £86.2m and £380m for the year to the end of August 1987. In the 16 month period, turnover was £967m, of which 55 per cent came from acquisi-

Mr Asil Nadir, chairman said the results were "wholly satisthe results were "wholly satisfactory". The group would continue to try to raise the quality of earnings and to reduce dependence on any single geographical location, he said.

He claimed that the company had become one of the top three European distributors of fresh produce and was one of Europe's largest televi-

one of Europe's largest television manufacturers.

The divisional profit comparisons between 1988 and the year to the end of August 1987 was as follows: food £88.1m (£72.6m); electronics £19.3m (£9.2m) and textles £4.8m (19.3m) and textiles 14.8m (14.3m).

Expansion will be concen trated on Europe, North America and the Far East. At present, the US, the Middle and Near East, and Europe account for about 20 per cent, 33 per and 40 per cent of sales respec-tively.

The Russell Hobbs business that was bought from TI two years ago made a loss. Follow-

ing reorganisation and the introduction of new products, it is expected to make a profit

Mr David Fawcus, finance director, said that the group had made substantial progress in its goal of increasing its equity base, improving its debt profile and reducing its borrowing costs. Interest cover had increased to 12.3 times.

Fully diluted earnings per share for 1988 were 41.8p (1987-

Asil Nadir: one of Europe's

36.4p). A final dividend of 5.0p per share was recommended, bringing the total to 12.2p for

COMMENT

Polly Peck is rapidly shifting from an opportunistic and erratic trading group into a truly international electronics

and agricultural business. The fresh produce business has been vastly strengthened by the geographical expansion of its marketing and sourcing operations. Meanwhile the company's electronics produc-tion is increasingly flexible and competitive, which helps tem-per the concern stemming from the prospect of a slow down in consumer spending. But what-ever its achievements, Polly Peck still has some way to go before it wins the public rela-tions battle. The predictability of this set of results combined. with a slightly uninspiring pre-sentation left the shares down 2p to 320p. Nor is there likely to be much activity in the shares until the report and accounts is out of the way. The balance sheet is not expected to be a cause for concern but the City's caution shows that the company has not entirely put its reputation for nasty suprises behind it. Pre-tax prof its of £145m are expected this year which put the shares on a unexacting prospective p/e of 7.

Helene profits

static at £2.2m

Taxable profits at Helene, the clothing manufacturer and dis-tributor and textile merchant,

were virtually static at \$2.17m in 1988. The figure was struck, however, after an exceptional debit of £831,000 relating to losses sustained by a subsidiary, since discontinued.

Mr Montague Burkeman, chairman, said the balance sheet remained strong with

year-end net liquidity of £1.8m.

Turnover was £41.55m (£34.46m). Earnings were 2.5p (3.2p) and the final dividend is raised to 1.24p, hringing the

total to 1.79p (1.63p).

Ocean Sound calls for £4.2m via rights

By Nikki Tait

OCEAN SOUND, an unquoted BES company which operates the independent local radio service in Portsmouth and Southampton, is raising 24.2m via a one-for-two rights issue

at 800p a share. The Issue has been under-written by Crown Communicatinns Radio, which aiready holds a 9.9 per cent interest in Ocean, and Haymarket Pub-lishing Services, with 11.9 per cent, although neither will end up with over 29.9 per cent of

equity.

The company says it plans to invest up to £1.4m in developing facilities over the next year, and believes "there will be considerable opportunities for the company to expand through acquisitions and ventures in other parts of the UK broadcasting sector". It is also looking at European opportunities.

In connection with the rights issue, Ocean is provid-

rights issue, Ocean is provid-ing a facility whereby share-holders can sell their shares. with the accompanying rights to new shares, at 900p a share.

FSM acquisitions

Ford Sellar Morris Properties has bought a portfolio of nine investment properties from the National Provident Institution for £13.15m. The portfolio is a mixture of retail, office and industrial investments with annual income in excess of £760,000. FSM has also acquired two:

estates from Local London Properties for £11.2m.

Edelman in Storehouse attack

MR ASHER Edelman, the American arbitrageur who heads a group of investors with a 7.8 per cent stake in Storehouse, attacked the company's month-old property joint venture saying it reduced the value of the retail group.

Storehouse rejected Mr Edel-

man's arguments. Mr Michael Julien, Storehouse's chief executive, said: "There can be no question of Storehouse losing

Storehouse set up the joint venture with London & Edinburgh Trust, the property and financial services group run by brothers John and Peter Beckgith Storehouse agreed to sell with. Storehouse agreed to sell £120m-worth of its properties, mainly BhS stores, to the 50:50 owned company, Oppidan Estates, LET put in £50m worth of properties. Storehouse will continue to run the shops, paying rent to Oppidan.

Mr Edelman, who was in London yesterday having dis-cussions with BZW, his

MECCA LEISURE Group,

which last year won a £750m bid for Pleasurama, yesterday

announced pre-tax profits of £30.3m for the 15-month period

end to fit in with Pleasurama,

which is three times the size of the original bingo, holiday camp and nightclub group, and the figures included a two-

month contribution from Plea-surama's casino and catering

By Andrew Hilli

adviser, said he had examined the contract between Storehouse and LET as part of his research into Storehouse prior to deciding whether or not to

bid for the group.

He argued that the contract revealed four aspects to the deal which he believed reduced shareholder value:

Storehouse will lose half the development potential of the sites put into the joint venture;
Oppidan has options to buy

space contiguous to the sites in the deal: • Under certain circumstances Oppidan has the option to buy any space Storehouse

• LET has the option to huy Storehouse's stake in Oppidan at asset value if there is a change of control of Store-

Mr Edelman said this was a "poison pill" designed to deter a hidder. The stake in Oppidan ought to attract a premium to net asset value if it were sold,

property sales, which the group said would be a continu-ing item.

At the trading level, holidays made £8.1m and general leisure

- including the bingo and

The enlarged catering and character hotels division

returned trading profits of £2m, Pleasurama's casinos made £2.4m, and its gaming machine arm £2.2m. Other activities contributed trading

City reaction to the 15-month

results was a strange mixture of irritation and expectation.

Analysts were annoyed that

Mecca fell short of their fore-

casts without some prior warn-

ing, hut they are not reading

disaster into figures which represent a short period in the

aftermath of an exhausting bid

News Digest

profits of £1.6m.

COMMENT

Enlarged Mecca makes £30.3m

he suggested.

Mr Julien said: "The Oppidan Estates deal is an excellent one for Storehouse shareholders. It is in no sense a poison he added. The deal had, he said, increased Storehouse's net worth and improved its

The terms of the deal require Oppidan to pay Store-house the full market price for all properties that are trans-ferred, he said. The number of properties covered by the pre-emption rights was small, he

The change of control clause was "a perfectly standard one based on net asset values", Mr

Mr Edelman refused to be drawn on the chances of a bid or its timing. He did say that the unnamed international retailer he had brought on board to run Storehouse in the event of a successful takeover was already working at BZW's

battle. The question now is not

whether Mecca and Pleasurama can prove they are a mighty combination, but when, 1989 will probably be a year of con-solidation: £94m has been set

and the opposite pulls of cash generation and high interest

rates will keep gearing stable at 80 per cent. That is higher than many observers would

have wished — none of the expected major disposals has taken place — but prospective interest cover of 3.5 times for

the year is healthy enough. If property sales continue to gen-

erate profits, then between £100m and £103m before tax

seems a reasonable forecast for

the year. That would put the

shares un a prospective multi-ple of about 11.5 - worth hold-

ing for the takeover benefits, although that might mean

This was struck on turnover

of £9.36m, and after tax of £92,000 earnings per 10p share were 7.52p. Earnings per share

after full conversion of convertible preference shares

expect to pay an interim dividend of 0.78p in October

1989, followed by a final of

Lower profits

AQUASCUTUM

of £2.55m

e for

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY- Indices of Industrial production, manufacturing Dutput (1985×100); engineering orders (2 billion); retail sales volume (1980 = 100);retail sales value (1980 = 100);registered unemployment (excluding echool leavers) and untilled vacancies (000s). All seasonally adjusted.

1 .	prod.	Output.	erder	Hotel.	Plateli Value	Unem- ployed	Vaca.
1987	٠				V. C.		
4th qtr.	100.0	100,4	20.1	133.3	219.3	2,688	242.1
1869 1st qtr,	107.7	110.8	31.1	135.3	173.3	2.486	249.9
	109.3	112.4	31.2	137.0	181.1	2,364	255.2
2nd otr	110.8	116.2		135.2	189.2	2,226	244.3
3rd qu.		117.8	32.0	140.2	229.0	2,101	244.5
4th qtr.	110.8		38.1		100.4	2,403	255.3
April -	108.7	111.0	31.0	736.3	180.5	2,364	254.5
May	109.4	112.6	31.3	137.7	182.3		255.1
June	109.9	113.1	31,2	137.0		2,324	249,7
July	110.6	115.7	31.7	140.0	191.4	2,267	
August	110.8	176.1	32.1	130.5	187.7	2.228	242.7
September	111.2	116.7	32.0	135,4	185.6	2,192	240.3
October	110.6	116.5	32.4	141.2	198.7	2,158	251.2
November	711.3	117.2	33.0	740,4	270.0	2,105	245.2
December 1988	110.4	117.3	33.1	140.8	272.2	2,037	238.3
January	109.1	118.5	32.9	137.4	184.1	1,986	229,2
February				140.8	103.0	1,947	223,1

	Goods	goods	lated. goods	Eng.	Motel marg.		Houng. starto
1387 .							
4th qtr. 1988	188.8	108.8	106.8	107.4	112.0	103.4	17.6
1st atr.	109.5	100.1	197.8	107.3	118.S	103.6	20.2
2nd atr	111.8	108.5	108.6	109.9	120.6	101.1	22.3
3rd atr	113.7		108.2	- 115.8	123.9	102.1	20.4
4th gtr	114.9	115.6	307.4	116.2	122.5	102.5	18.4
May	112.8	106.7	108.8	109.0	120.0	102.0	22.3
June	111.9	111.2	100.6	112.0	119.0	181.0	23.5
July	113.5	113.4	168.3		125.0	104.0	26.6
August	113.1	114.9	106.0	115.0	126.0	102.0	20.5
Sept	114.5	116.0	108.1	118.0	120.0	101.8	20.1
October	114.0	115.3	197.8	116.0	120.0	101.8	19.6
November	115.4	118.4	107.8	117.0	119.6	102.0	21.4
December 1989	115.3	115.0	106.8	115.0	123.0	104.0	14.1
January February	116.2	114.4	104.2	116.8	140.0	161.0	18.4 18.5

belance; current balance (Em); oil balance (Em); terms of trade

	Export volume	volume	Visible balance	Current	Oil	Terms	Reserve US\$bn
67							
qtr.	111.9	120.8	-8,250	-1,968	+ 1,073	97.6	44.8
qtr.	106.8	119.8	-3,574	-2,635	+ 730	97.0	44.6
d qtr	111.4	127.7	-4,428	-2,661	+815	98.7	48.5
d qtr	109.3	133.7	-5,763	-3,724	+460	99.3	59.4
gtr.	196.6	135.0	-6,251	-5,051	+340	99.8	51.6
orli 💮	110.7	126.0	-1,237	-824	+ 271	98.2	47.8
Ry	109.2	127.2	-1,715	-1,038	+269	98.9	48.5
	114.3	130.0	-1,572	-910	+ 275	99.0	48.5
ly .	107.8	141.5	-2,681	-1,480	+119	98.8	49.8
igust '	165.8	127.8	-1,657	-970	+ 177	109.0	50.6
ptember	134.1	131.9	-1,478	-787	+164	99.1	50.4
tober	103.7	139.6	-2,656	2,256	+07	97.8	50.0
vember	197.1	131.8	-1,568	-1,486	+ 132	97.8	51.0
cember 89	109.1	133.6	-1,783	-1,353	+141	98.7	51.6
nuery	114.5	148.1	-2,039	-1,599	+ 103	100.3	51.7
bruary arch	104.8	138.9	-2,196	1,896	-18	100.0	51.6 50.4

131.7

Reduced pre-tax profits of £2.55m, compared with £2.91m, were announced by Aquascutum Group, clothing manufacturer and retailer, for the year to January 31 1989. Turnover advanced from £43.28m to £49.82m.

The directors are proposing to maintain the dividend at 3p with an unchanged 2p final.

NORMAN HAY Good all-round performance

Norman Hay, the metal and plastics processing group, achieved a 64 per cent rise in pre-tax profits in 1988. The taxable result was £1.82m, against £1.11m lsst time, and was struck on turnover lifted 35 per cent from £11.82m to

The recommended final dividend is 1.5p (1.1p adjusted) to make a total of 2.16p (1.67p adjusted) for the year.

1987	ACRES (A)	ACITIVA	DEIEUCO	Delange	pelance	tracio	USSON
4th qtr.	111.9	120.8	-8,280	-1,968	+ 1,973	97.8	44.8
1988 ·	'-						
lat qtr.	106.3	119.8	-3,574	-2,635	+ 730	97.0	44.8
2nd qtr	111.4	127.7	-4,428	-2,561	+815	98.7	48.5
3rd qtr	109.3	133.7	-5,763	-3,724	+460	99.3	59.4
4th qtr.	196.6	135.0	-6,251	-5,051	+ 340	99.8	51.6
April	110.7	126.0	-1,237	-824	+ 271	98.2	47.8
May	109.2	127-2	-1.715	-1,038	+269	96.9	49.5
June .	114.3	130.0	-1,572	-810	+ 275	95.0	48.5
July	107.8	141.5	-2,681	-1,880	+ 119	98.8	49.8
August	165.8	127.8	-1.657	-970	+ 177	109.0	50.6
September	134.1	131.9	-1,478	-787	+164	99.1	50.4
October	103.7	139.6	-2.658	2.258	+07	97.8	50.0
November	197.1	131.8	-1,888	1,496	+ 132		
December	109.1	133.6	-1,783	1 700		97.8	51.0
1989		100.0	-1,700	-1,353	+141	98.7	51.6
Jenuary	114.5	148.1	-2.039	4 200			
February	104.8	138.9		-1,599	+ 103		51.7
March	1040	100.3	-2,196	-1,896	-18	100.0	51.6
FINANCIAL-A			<u> </u>				50.44
sterling lendi all seesonally	MO	M	, was de	Bank lending	nd period ad period as inflow	r; consume). Cosmer. credith	Barre rate
	%	%	%	2m	- Em	£m	*
1987							
4th qtr.	. 4.9	22.2	22.9	+11,202	3.007	+ 246	8.50
1988					-,		-
1st qtr.	5.2	20.6	20.8	+ 12,903	3.051	+965	8.50
2nd gtr	6.6	18.6		+15.343			
3rd qtr.	7.7	17.3			4,173	+1,105	9.50
4th ctr.	7.7	14.3		+15,740	3,162	+1.092	11.59
May	6.4	20.0	18.8	+ 13,379	2,168	+ 973	12.70
June	7.3			+3,798	- 1,358	+ 363	7.50
July	6.0	18.6	20.4	+5,148	1,239	+ 429	9.50
August		16.1	21.1	+6,152	1,352	+ 345	10.50
	7.6	15.8	20.8	+3,374	1,179	+471	12.00
September	8.6	17.3	22.7	+ 5,679	621	+ 276	12.08
October	7.7	13,7	19.8	+4,233	1,593	+135	12.00
November	7.7	11.7	20.5	+3,761	788	+ 392	13.00
December	7.7	14.5	20.5	+6,199	819	+ 295	13.00
1989					0.2	7 233	a designation
January	7.2	11.4	21.3	+6.560			45.55
February					784	+ 224	13.00
		. 1444	44-4	t-2,255		+ 264	13.00
February	6.6	13.6	22.2	+2.262		+ 254	13.00
March INFLATION-in prices of ma- 1987 = 100); R sterling (1975	jentera co						
March INFLATION-In prices of ma- 1987 = 100); R	leuters co. i= 100) Earn-	mmodity i	ndex (Sep	ot 1931 = 1		d food pri welghted	holessi
March INFLATION-In prices of ma- 1987 = 100); R sterling (1975	euters co = 100)	mmodity i	ndex (Sep				value o
March INFLATION-In prices of ma 1887 = 100); R sterling (1875	leuters co. i= 100) Earn- ings*	mmodity i	ndex (Sep	ot 1931 = 1	prices an 100); trade	d tood pri welghted Reuters	holesale
March INFLATION-In prices of ma- 1987 - 100); R sterling (1975) 1987 4th qtr.	leuters co. i= 100) Earn-	mmodity i	Minage.	ot 1931 = 1	prices an 100); trade Foods	d tood pri welghted Reuters* cridly.	rholessis icea (Jar value di Sterling
March INFLATION-In prices of mar 1887 = 100); R sterling (1975)	leuters co. i= 100) Earn- ings*	mmodity i	ndex (Sep	ot 1931 = 1	prices an 100); trade	d tood pri welghted Reuters	value o
March INFLATION-In prices of ma- 1887 = 100); R sterling (1975) 1987 4th qtr. 1988	leuters co i= 100) Earn- ings*	Besic media.*	Wheele.	1931 = 1	Foods	d food pri welghted Reutera* cmdy.	cholessis ices (Jar value of Sterling 74.2
March INFLATION-In prices of ma: 1987 = 100); R sterling (1975) 1987 4th qtr. 1988 1988 1988	leuters co. i= 100) Earn- ings* 120.5	Besic made."	Wheate. mrsg.* 109.8	1931 = 1 1931 = 1 193.2 103.7	Foods 101.7	d food pri welghted Reutera* cmdly. 1,683	choleseld ices (Jar value of Sterling 74.5
March INFLATION-In prices of ma. 1887 = 100); R sterling (1975) 1987 4th qtr. 1988 1910 1910 1910 1910 1910 1910 1910	leuters co. i= 100) Esra- ings* 129.5 121.6 124.2	Besic media.* 96.4 96.9 97.8	Wheate. mrsg.* 109.8 111.0	#PI* 103.2 103.7 106.2	Foods	d food pri welghted Reutera* cmdly. 1,683	cholessis ices (Jar value of Sterling 74.2
March INFLATION-In prices of ma- 1987 = 100); R sterling (1975 1987 4th qtr. 1988 1st qtr. 2nd qtr 3rd qtr.	leuters co.; = 100) Eurn-ings* 120.5 121.6 134.9 127.5	Besic medic.* 96.4 96.9 97.8 96.8	Wheate. mrsg.* 109.8	1931 = 1 1931 = 1 193.2 103.7	Foods 101.7	d food pri welgitted Reutera* cmdy. 1,683 1,747 1,817	choleseld ices (Jar value of Sterling 74.5
March INFLATION-In prices of ma- 1887 - 100); R sterling (1875 1887 4th qtr. 1988 1st qtr. 2nd qtr 3rd qtr. 4th qtr.	Esubers co. = 100) Esura- ings* 120.5 121.6 124.8 127.5 131.0	Besic made.* 96.4 96.9 97.8 96.8 100.1	Wheate. mrsg.* 109.8 111.0	#PI* 103.2 103.7 106.2	Foods 101.7 103.5 104.6 104.7	Reutern* condy. 1,583 1,747 1,912	tholesale ces (Jar value of Sterling 74.8 75.3 77.6 78.8
March INFLATION-In prices of ma. 1887 = 100); A sterling (1875 1987 4th qtr. 1988 1st qtr. 2nd qtr 3rd qtr. 4th qtr. June	Esubers co. 100) Esun- ings* 120.5 121.6 124.8 127.5 131.0 125.9	Besic medic.* 96.4 96.9 97.8 96.8	Whate. Mrdg.* 109.8 111.0 112.6 113.9 115.2	1931 = 1 1931 = 1 193.2 103.7 106.2 106.8 109.9	Foods 101.7 103.8 104.8 104.7 105.7	Reutern condy. 1,583 1,747 1,992 1,887	sholessifices (Jar value of value of 74.8 77.8 77.8 77.8
March INFLATION-In prices of ma- 1887 = 100); R sterling (1875 1887 4th qtr. 1988 1st qtr. 2nd qtr. 4th qtr. June June July	Esubers co. = 100) Esura- ings* 120.5 121.6 124.8 127.5 131.0	Besic media.* 96.4 96.9 97.9 96.8 100.1	Whate. (Sep Whate. mrig." 109.8 111.0 112.6 113.9 115.2 113.0	1931 = 1 1932 = 1 193.2 193.7 196.2 196.8 198.6	Foods 101.7 103.5 104.6 104.7 105.7 104.8	food pri- weighted Reutern cridly. 1,883 1,747 1,817 1,912 1,902 1,903 1,936	sholeselices (Jar value of 74.8 75.3 77.8 75.3 77.8 75.3
March INFLATION-In prices of ma- 1887 = 100); R sterling (1875 1887 4th qtr. 1988 1st qtr. 2nd qtr. 4th qtr. June June July	Esubers co. 100) 2um- ings* 120.5 121.6 124.8 127.5 131.0 125.9 128.3	Besic meth.* 96.4 96.9 97.8 96.8 100.1 89.5 89.4	Wheele, (Sep. 109.8 11.0 112.6 113.9 115.2 113.5	1931 = 1 193.2 193.7 193.2 193.7 196.8 199.9 198.6 196.7	Foods 101.7 103.5 104.6 104.7 104.7 104.8 104.0	food pri- weighted Reutern* cmdy. 1,563 1,747 1,917 1,902 1,987 1,936 1,975	rholeselices (Jari value of Sterling 74.8 75.9 77.8 75.9 75.6
Merch INFLATION-In prices of ma- 1887 - 100); R sterling (1875) 1987 4th qtr. 1988 1st qtr. 2nd qtr 3rd qtr. June July August	Esubers co. 100) 2ara- 120.5 121.6 127.5 121.0 125.9 126.3 128.8	Bestc medic.* 36.4 96.9 97.9 97.8 100.1 29.5 58.8	Wrasie. Mrs. 109.8 111.0 112.6 113.9 113.5 113.5	1931 = 1 1932 = 1 193.2 193.7 196.8 199.9 196.6 196.7	Foods 101.7 153.5 104.6 104.7 105.7 104.8 104.9 104.0	food pri weighted Reuters* cridly. 1,683 1,747 1,937 1,956 1,956 1,953	choleselices (Jar value of Sterling 74.8 75.3 75.9 75.3 75.3 75.3
March INFLATION-In prices of ma. 1987 = 100); A sterling (1975) 1987 4th qtr. 1988 1st qtr. 2nd qtr 3rd qtr 3rd qtr June July August September	Euters co. 100) Eurn- ings* 120.5 121.6 124.8 127.5 121.0 125.9 128.3 128.8	Bests matte.* 96.4 96.9 97.8 100.1 89.5 99.4 98.4 98.2	Whate. (Sep Whate. mrig.* 109.8 111.0 112.6 113.5 113.5 113.5 113.9	991* 103.2* 103.7* 106.2* 106.2* 106.8* 106.6* 106.7* 107.9* 108.4*	Foods 101.7 103.5 104.6 105.7 105.7 104.8 104.0 104.4 104.8	food pri- weighted Reutern cridly. 1,883 1,747 1,817 1,912 1,902 1,903 1,936	sterling 74.8 75.3 77.8 75.3 75.5 75.5
March INFLATION-In prices of ma. 1887 – 100); R sterling (1875 1887 4th qtr. 1988 1st qtr. 2nd qtr 3rd qtr 4th qtr. June July August September October	Esubers co. = 100) Esra- ings* 120.5 121.6 124.8 127.5 131.0 128.3 128.3 128.3 128.9	Besic made.* 96.4 96.9 97.8 90.8 100.1 89.5 89.4 98.8 98.8 98.8	Minute. (Sep. 109.8 111.0 112.6 113.9 115.2 113.0 113.5 113.9 114.3 114.3 114.9	1931 = 1 1932 = 1 193.7 193.7 196.2 196.8 199.9 196.7 197.9 198.4 199.5	Foods 101.7 153.5 104.6 104.7 105.7 104.8 104.9 104.0	food pri weighted Reuters* cridly. 1,683 1,747 1,937 1,956 1,956 1,953	choleselices (Jar value of Sterling 74.8 75.3 75.9 75.3 75.3 75.3
March INFLATION-In prices of ma. 1987 = 100); A sterling (1975) 1987 4th qtr. 1988 1st qtr. 2nd qtr 3rd qtr 3rd qtr June July August September	Euters co. 100) Eurn- ings* 120.5 121.6 124.8 127.5 121.0 125.9 128.3 128.8	Bests matte.* 96.4 96.9 97.8 100.1 89.5 99.4 98.4 98.2	Whate. (Sep Whate. mrig.* 109.8 111.0 112.6 113.5 113.5 113.5 113.9	991* 103.2* 103.7* 106.2* 106.2* 106.8* 106.6* 106.7* 107.9* 108.4*	Foods 101.7 103.5 104.6 105.7 105.7 104.8 104.0 104.4 104.8	food pri weighted Reutern* candly. 1,683 1,747 1,887 1,987 1,988 1,978 1,978 1,873	sterling 74.8 75.3 77.8 75.3 75.5 75.5

116.4 116.8 117.2



controlled by Olivetti of Italy, reported pre-tax profits of £1.13m in 1988. Turnover expanded from £36.15m to £39.21m.

in the previous year, swung back into the black at the halfway stage and consolidated the recovery in the second half. Mr Harvey Coleman

managing director, said 1988 had been a year of sound progress which created solid foundations for further growth. Net cash inflow amounted to £7.1m which enabled Acorn to climinate its overdraft and

retain cash reserves of £2.5m. Earnings per 10p share were 1.7p against losses last time

DOWDING & MILLS Growth in all divisions

Good results from all divisions including its two new acquisitions in Europe, resulted in a 30 per cent improvement in pre-tax profits for Dowding & Mills, electrical and mechanical engineer, in the half year to December 31.

On turnover 27 per cent ahead to £31.65m (£24.97m) the taxable result advanced from £3.44m to £4.49m. Mr Peter Hollings, chairman, said that trading in the second half had

continued at a similar level to the first, and, provided that trend continued the board was confident of achieving improved full-year results. For the year ended June 1988 profits of £7.15m were made.

The interim dividend is lifted.

were 3.44p.
Last year the company made pre-tax profits of £350,000 on to 0.8p (0.71p), payable from earnings per 10p share of 3.03p (2.5p). Tax took £1.68m (£1.29m). turnover of £9.07m. Mr Keith Goldie-Morrison, chairman, said the results were in line with estimates given in the prospectus and directors

Good year anticipated

NEEDLER GROUP

Needler Group, the Canada based aggregates, asphalt and concrete block producer which gained a USM quote last June, increased its pre-tax profits in 1988 by 28 per cent from C\$5.64m to C\$7.23m, or £3.59m.

The taxable advance was struck on sales 21 per cent ahead at C\$47.33m (C\$38.92m). After tax lifted to C\$3.17m (C\$2.76m), earnings per share were up at 0.239 cents (0.186 cents). The directors have proposed a final dividend of 6.8 cents, to make 9.8 cents for the year.

The company said that the mild winter, pent-up demand in the road construction sector and the company's Woodstock property should contribute to a good current year.

MALAYA GROUP Meets estimates with £291,000

Malaya Group, the motor sales group which joined the Third Market in February this year, reported pre-tax profits of £291,000 for the year ended December 31 1988.

UK COMPANY NEWS

Avis £72m reflects organic growth

ENHANCED performances in all its businesses helped Avis Europe, the car leasing and rental group, increase pre-tax profits to 272m in the year to February 28, a 32 per cent advance on the previous 554.6m.

Revenue grew 28 per cent to £623.3m (£486.5m). Earnings per share rose from 22.8p to 29.3p and a final dividend of 7p was recommended, making a total for the year of 11p (9p). During the year Avis bought

During the year Avis bought two. leasing companies, tha Edinburgh-based CG Leasing and the Belgian ATB company, both in November.

It also exercised its options to buy the remaining 50 per cent of Sogen Avis, the Parisbased contract hire business, in October, and the outstanding 22.3 per cent of Locadif the ing 22.3 per cent of Locadif, the Belgian vehicle leasing and rental group, in January.

These acquisitions accounted for 2 per cent of the taxable profits increase and 4 per cent of the revenue gain. Underlying organic growth produced 23 per cent of the profits advance and 11 per cent of rev-

enue increase and the remaining growth was attributed to the acquisitions made in 1987-8. Vehicle rental was the largest group activity, accounting for £49.1m (£37.4m) of pre-tax profits and £286m (£262.5m) of the control of the co turnover. The total rental fleet is now over 76,000 vehicles and during the year 134 new rental outlets were opened, making

outlets were opened, making 1,787 in all.

The group's leasing operations, which now serve 14 countries throughout Europe, expanded strongly and produced profits of £17.4m (£12.7m) on turnover which more than doubled to £183.4m (£27.7m) The leasing fleet now. (£67.8m). The leasing fleet now stands at 94,000 vehicles. Avis's nine dealerships pro-

duced pre-tax profits of £5.5m (£4.5m) on revenues of £173.9m (£156.2m). Over 29,000 vehicles were sold during the year but more than 60 per cent of the profits came from after-sale

Mr Alun Cathcart, chairman and chief executive, said the current year had startad encouragingly, although the company could not expect to



formance at a time when economic growth appeared to be

O COMMENT

There is no company quite like Avis. No other vehicle rental company is quotad on the stock exchange and so it is often hard to know how to classify Avis's businesses or to appraise its performance. In

and the Far East all produced

improved performances. The

Gulf States contribution was lower, but Foseco said sales

had improved following the

ending of the Iran-Iraq war. High demand in the metal-

Inrgical industry helped Foseco's metallurgical chemi-cals division increase profits to

£26.3m (£22m) on turnover of

£300.9m (£289.1m). The abrasives and diamond products operation moved ahead to prof-

its of £12.3m (£9.1m) on sales of

£142.9m (£143.6m). This included a first time contribu-

most respects, Avis is more akin to a financial services company than a motor distrib-utor, otherwise it is difficult to explain away such balance sheet anomalies as 399 per cent gearing. There was wide agree-ment, however, that this was an extremely good result, ahead of expectations, and this was reflected in the 7p advance in Avis's share price to 371p. Tha existing geographical spread of the company's activities will help to protect it from national economic squalls, a factor much appreciated at a time of some concern about the IK economy and in addition UK ecenomy, and in addition there seems to be good growth there seems to be good growth potential. The company appears to he uniquely positioned to expand its leasing operations in continental Europe and already has dealings with almost three-quarters of the top 500 European companies. Pre-tax profits of above £30m look in sight, putting it on a prospectiva p/e ratio of about 11. That looks fairly stingy in the short-term and especially so in the longer view.

Connells up 19% despite downturn in second half

By Philip Coggan

CONNELLS ESTATE Agents yesterday reported a downturn in 1988 second half profits and in 1988 second half profits and warned that the first half of 1989 would be disappointing.

Profits for the six months from July to December 31 fell to £3.76m (£4.02m) but thanks to a strong first half, full year profits were 19 per cent higher at £8.72m (£7.32m). Last month Connells apportunced month Connells announced that potential merger discus-sions with a third party had

been terminated. The company said the sharp correction in the residential housing market led to activity shifting from exceptionally high to exceptionally low lev-els. Costs had been reduced and new products socb as mortgage subsidies had been introduced. Some possible acquisitions in the residential area had been postponed.

Staff had heen trained in ways of maximising profitability in the new market condi-tions. Connells sold 18,600 houses in 1988, compared with 15,500 in 1987 and Mr John Simson, chairman, said that the cost reductions meant that if activity returned to 1987 levels, the residential business could be more profitable than

it was that year.

January and February 1989
had heen poor months, but Connells says a recovery in the housing market to more normal levels of activity will not be long delayed.

The commercial division achieved strong growth, helped by a four month contri-bution from Connell Shearer Harris and first time full year contributions from Connell Chilvers and Connell Hallam Brackett.

look for the division was helped by an increasing number of large instructions which offered the prospect of predict-able future earnings well into The two divisions contrib-uted similar profit levels last year. When Connells floated

on the stock market in 1984, commercial estate agency contributed just 15 per cent. Diluted earnings per share rose to 26.8p (24.5p). The pro-posed final dividend is 6p mance, on a prospective p/e of about 9, which is not ungener-

(5.5p) making a 9p (8p) total.

THE TURMOIL surrounding Mr Tony Cowling, who are main board members, bas formed a sizeable obstacle to MAI's intentions and partly

Addison halved to £2m despite

Divided board faces bid threat from MAI

strong market research side

Addison Consultancy over-shadowed the announcement

With a two-way battle for control of Addison developing

rapidly, the hoard deeply divided and the plan for the tranformation of the company into a stripped-down market

research company underway the results were of little more

left the market research sub-

Taylor Neison, contributed

services and advertising group,

Equally, tha result high-lights why the management of Taylor Nelson is so opposed to

the loss of independence that would follow a takeover by MAI, which last week came

into the open and declared it

was the mystery group considering an offer for Addison.

The Taylor Nelson opposi-tion, led by Ms Liz Nelson and

obvious.

than historic interest.

yesterday of a heavy fall in pre-tax profits by the market research, design and public relations company during 1998. explains itsdelay in making a But, by taking its stake up to around 15 per cent after the purchase of a further 5 per cent yesterday, MAI has dem-onstrated that it is committed to acquiring Addison following two previous failed attempts to gain control of market research companies.

MAI's plans have been fur-However, the figures show graphically how the company, ther complicated by the appearance of Motivaction, the which three years ago was aggressively expanding four appearance of Motivaction, the private French market research company which has at least 17.7 per cent of Addison's capital. The French company initially said it had no intention of bidding. However, after talks with the Takeover profit channels through acqui-sition, has hit hard times. Pre-tax profits fell from £4.3m to £2.1m in the year to December 31 following the failure of the design and the pub-lic relations divisions to meet Panel its position was qualified yesterday to allow scope for an expectations. These failures

Motivaction would be likely sidiary to again carry the bulk to side with the dissident directors if MAI were to bid as a of the load. Amid heavy trading, the shares advanced 1p to 43.5p, capitalising the company at £25.53m. means of cementing and devel-oping commercial links between itself and Taylor Nel-The market research busi-ness, operated chiefly through son which have been under discussions for several months.

Coupled with the sharehold-£1.6m to the group result mak-ing the reason for its attrac-tiveness to MAI, the financial

ings of the two dissident directors and the staff of Taylor Neison, which could rise by at least 10 per cent after the final payment for the acquisition of the subsidiary is made early month, MAI could face a formidable opposition shareholder

This leaves about 45 per cent of Addison's capital divided roughly equally between three camps, creating the circum-stances for a tough fight for control.

Apart from this complica-tion, MAI would wish to see the sale of the design company tied up before it launches an offer. Mr Steve Smith, Addison's chief executive, is putting together a buy-out plan and it is understood that at least two other approaches have been

The design company is expected to be sold for between £4m and £5m and would be the final act in the dismemberment plan which began last year.

The decision to sell off three parts of the company is a direct result of the failure to achieve the synergy antici-pated as the husinesses were dragged together under the lems placed severe strains and divisions on the executive management which com-pounded the difficulties.

In March last year the Michael Page recruitment services business was hived off after an unhappy three years as part of

the group.
The next major move was the sale of Chetwynd Haddons, the consumer advertising agency, for £3.9m cash. Following this sale Addison had net assets of £6.7m at the latest balance date.

This figure will be further increased when the proceeds from the £1m management buy-out of the Streets public relations agency and the dis-posal of the design company is received.

The rump left after these disposals has a proven record of profit growth but who will head and realise its potential after the battle which is brewing is over is a matter for spec-

Foseco improves 22% to £43.1m

By Clare Pearson

FOSECO, specialist chemicals and abrasives group, lifted pre-tax profits by 22 per cent to expected a much improved pre-tax profits by 22 per cent to £43.1m in the year to end-December, scored on an increase in turnover from £515.1m to

The results suffered from the impact of a strong pound on translation of results of overseas operations, which reduced pre-tax profits by £3m and

turnover by £27m.
The figures were also dented by a reduction in profits of the construction and mining chemicals division from \$8.4m to icals activities in the UK, Spain

WILLIAM JACKS, the

end-January 1989.

Berkshire-based vehicle

distribution and servicing

group, announced taxable

profits 21 per cent higher at £1.04m in the 12 months to

The result was struck on turnover of £48.61m (£43.55m).

Earnings per share worked .

REPRESENTER

contribution in the current

Tha division was affected partly by restructuring costs in the French operation, which took about £500,000. Meanwhile, mining chemicals in the UK were hit by reduced demand from British Coal, coinciding with costly expan-sion measures in North America and Australia.

interest rates and higher

tion from Beck Diamond Prod-ucts of the US, bought for William Jacks tops £1m \$6.5m last March. After a tax charge down from 44.6 per cent to 42 per cent, earnings per share came out at 28.3p (21.5p). The final dividend is set at 8p (7.1p), making 12.2p (10.8p) for the the proposed final dividend of 1.1p makes a 2p (1.7p) total. However, Tan Kay Hock, chairman, warned that the outlook was clouded by higher

Foseco has spent a net £12m taxation of company cars. This may, he added, result in on add-on acquisitions since the year-end. The most notable "temporary slackening" of UK demand for the more expensive executive cars. has been Super-cut of the US, a diamond tool operation, bought for \$9.8m in January.

COMMENT

Aside from redundancy costs emerging at slightly higher than expected levels, these results contained no nasty surprises but certainly failed to inspire excitement in Foseco which the City continues to regard in the light of its accident-strewn past and the heavy exposure of its businesses to changes in volumes. Although it has set Itself the aim of achieving 10 per cent margins in due course, Foseco is likely to find it tougher and tougher to improve profitability given that the 1988 results were achieved against a background of boom market conditions for many of its products and since most of the really poor per-formers in the group have now been shed. Assuming somewhat lower redundancy costs, the company should achieva around £47m pre-tax in the current year, putting the shares, after a strong recent perfor-

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Avis Europe plc

PRELIMINARY RESULTS FOR THE YEAR ENDED 28 FEBRUARY 1989

	<u></u>	£m	. £m
Revenue		623.3	486.5
Profit before tax		72.0	54.6
Earnings per share		29.3р	22.6р
Dividend		11.0p	9.0 _P

Strong growth in revenue

 Substantial rise in pre-tax profits Significant increase in earnings

up 32%

up 30%

per share

We have continued to enhance our performance in all of our businesses through both organic growth and our programme of selective acquisitions. We look forward to the future with confidence. ""

ALUN CATHCART, Chairman and Chief Executive

If you would like a copy of the Annual Report, which will be available after 28 April 1989, please write to: The Secretary, Aris Europe pic, Avis House, Station Road, Bracknell, Berkshire RG12 IHZ.



ROFITS UP AGAIN ROM PEARL After tax profits up over 38% to £42.9m Earnings per share up from 17.2p to 23.8p Dividend up 20% to 15p Short-term business pre-tax profits up from £0.1 m to £14.7m Life pre-tax profits up from £43.4m to £49.2m Conventional business helped to majorain long-term business profits growth (over 13% - 1988), despite a smaller contribution from onit Short-term business contioued last year's trend of improving profitability with a much better result from UK Home Service operations, especially in Property business. There were continuing good results from Marine, aviatioo and transport business. LONG TERM BUSINESS Total premium income exceeded \$500m for the second cooses year but, as a result of a reduction to single premium business from \$210.3m to \$114.9m, the total was down \$62.7m at \$501.1m. New annual preminm business, however, was up 11% to £69.0m, despite a fall of £8m in Industrial Bmnch premiums. Iodividual pensions business featured strongly throughout the year, reaching a total of £24.5m in the year enmpared with £10m io 1987. And the rate of business growth was even faster in the first three months of 1989. SHORT TERM BUSINESS Premium income increased 10% to £144.7m. Despite a drop of 8.5% io Marioe, aviatioo and transport premiums, due maioly to the CHAIRMAN'S COMMENTS "Our profits have again risen substantially. The increased contribution from traditional business has maintained a significant level of growth in life profits, despite lower profits from nur unit linked subsidiarica. Sbort-term busioess bas also produced ao excellent result. Pearl is a market leader for personal pensions products, as 1988 shows and I am confident that our strong performance in this area will Annual Reports will be available in May from Derek Underwood, Company Secretary, Peatl Group ple, High Holborn, London work 7EB.

ICI to restructure

can coatings side

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the 156TH ANNUAL GENERAL MEETING OF FRIENDS' PROVIDENT LIFE OFFICE will be held at GLAZIERS HALL, 9 MONTAGUE CLOSE, LONDON BRIDGE, SEI 9DD. ON WEDNESDAY IOTH MAY 1989, at 2.30 p.m. to transact the following

- I. To receive the Accounts and Balance Sheet for the year ended 31st December 1988 and the Reports of the Directors and Auditors thereon.
- 2. To re-elect as Directors of the Office the following Directors, who retire by rotation:

Sir Arthur Bryan Michael Hobbs Sir Anthony Touche Bt. Lyn Wilson

3. To elect the following Directors who have been appointed since the last Annual General Meeting:

Peter Silvester

- 4. To re-appoint Price Waterhouse as the auditors of the Office and to rise the Directors to fix their remuneration.
- 5. To propose as special business

"THAT for the purpose of Rule 41 of the Rules of the Office the limit on the aggregate amount which Directors shall be entitled to receive as remuneration for their services in each year be increased from £112,000 to £200,000?

> By Order of the Directors, B. W. SWEETLAND, Secretary.

NOTES

(a) A member is entitled to appoint another person (who need not be member) to attend the above meeting and vote instead of him.

(b) To be valid the instrument appointing a proxy, which should be as near to the form set out in rule 30 of the Rules of the Office as circumstances admit, and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, must be deposited at Pixham End, Dorking, Surrey, RH4 IQA, not less than forty eight hours before the time fixed for holding the meeting, or adjourned meeting or in the case of a poll, not less than twenty four hours before the time appointed for the

(c) Proxy forms may be obtained on application to the Secretary.

(d)Members intending to attend and vote personally at the meeting should be prepared to quote their policy numbers.

(e) Only members are entitled to vote. Certain policyholders are not members. If a policyholder who is not also a member completes and returns a form of proxy, it will not be counted.

(f) Members have one vote each irrespective of the number of policies held.

(g) Members are entitled, on Application to the Secretary, to receive a copy of the Report and Accounts.

> Friends' Provident Life Office, Pixham End, Dorking, Surrey, RH4 1QA.

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The Entertois of Connected and Cold Foods FLC softer than Nr. | Optive Thompson and Nr. | N. Clarket are the persons responsible for the information contained in this advertisement. To the beer of the incovincing and belief it such Directors of Gold Fields jobs have taken all teasurable care to unemarket such in the cares the information constand in this advertisement is in accordance with the facts and does not containly likely to affect the impact of such information. The Directors of Connected and Gold Fields PLC (other than No Optivis Thompson and Mr. Clarket accept responsibility accordingly.

APPOINTMENTS

ACCOUNT EXECUTIVE

Leading international investment group requires Account Executive to specialise in Japanese Equity Warrants. Complete familiarity with Japanese financial

markets and economy, fluent Japanese/English essential. Applicants, aged 30-35, educated to degree

standard. NYSE registered, and with 6-8 years'

relevant experience preferably gained in Japanese business environment, should write in strictest

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Prices taken at 5pm and change is from previous close at 9pm

UK COMPANY NEWS

Higgs & Hill surges 45% to £25m

By Andrew Taylor, Construction Correspondent

THE CURRENT round of very good results from British construction companies continued yesterday when Higgs & Hill yesterday announced a 45 per cent rise in pre-tax profits to £25.05m during the year to the end of December. Turnover last year increased

hy 28 per cent from £267.11m to £342.86m. Earnings per share rose by 41 per cent from 31.9p to 45p.

Housebuilding and commercial property made the biggest contribution to profits growth last year. Housebuilding is thought to have provided over half of last year's profit based on 550 sales at an average price of £110,000.

Property and housebuilding together is thought to have provided more than two-thirds of total profits. The group, bowever, refuses to provide a profits breakdown.

Higgs & Hill last year built about 45 per cent of its homes in sonth east England and 40 per cent in eastern England, from the River Thames north as far as Corby. The remaining 15 per cent was built in the south west.

BOASE MASSIMI Pollitt, the

UK advertising agency and marketing services company, yesterday hit back at its French predator, the smaller Boulet Dru Dupuy Petit agency group, claiming that both its clients and employees found the SIGM of the Property of the Property

the £103m offer unwelcome. It also questioned the bldder's

In its first formal defence document, BMP said that a MORI poll conducted among its

full staff indicated "strong

opposition" to the French bid. The poll, which saw responses from 700 out of 1,000

employees, suggested that only 7 per cent of the staff were in

favour of the current bid. Some

27 per cent said they tended to be opposed, while 35 per cent said they were strongly opposed, Just under one-third

had no opinion at this stage.

staff felt that BMP's clients

interests would be best served by BMP developing its own

European partners. In the document, BMP also reiterated its claims - this

Almost two-thirds of the

financing arrangements.

By Nikki Tait

These are currently among the weakest housing markets in the country. Sir Brian Hill, chairman and chief executive, said however that he was satisfied with the level of sales and inquiries so far this year. He said the group expected to at least match last year's

sales, provided interest rates did not increase further or the economy worsen. "Our market remains in the middle price range where we believe the levels of disposable incoma and inherited capital

are strong factors in determining damand," said Sir Brian.
Commercial property profits
rose sharply in the UK and in
France. The group is poised to
start its first developments in
Spain and the Netherlands. Spain and the Netherlands. Profits from property disposals as part of a rationalisation of the group's investment port-folio bad been included in below the line extraordinary

item of £4.5m (£2.4m). UK contracting profits, despite a big increase in workloads last year, had remained relatively flat although better margin business won during the past 12 to 18 months should

time accompanied by the publi-cation of letters from four cli-

ents - that the circumstances of a contested bid put client

It went on to argue that BMP

was in "a strong position to develop profitably without BDDP", and maintained that two potential, but unnamed.

partners had been found which

could meet its, and its clients', needs for pan-European cover-

It sharply criticised the soundness of BDDP's financing

arrangements for the bid

which depend on a mixture of new equity, mezzanine finance, a revolving credit facility and a loan facility. In particular, BMP contended that a success-

ful offer would leave BDDP in hreach of at least two cove-

nants - concerning interest

and cashflow cover - in its

Given that the offer of 300p a share is in cash, BMP and its

advisers acknowledged that

business at risk.

BMP attacks financing of BDDP's bid



Brian Hill:satisfied with level of sales and inquiries

soon start flowing through in improved profits. Sir Brian expected UK construction turnover would rise by 40 per cent

Results from overseas con-"although on a scale much reduced compared with recent years." New orders had been won in Barbados, Thalland and Eastern Europe

to sharebolders. Nevertheless, directors of the British com-

pany are going to Paris today to see some of BDDP's banking

A similar type of defence was employed by Dee Corpora-tion when fighting a leveraged bid from Barker & Dobson in 1987/8, and such attacks on a

financing package's tightness

may be seen as an attempt to restrict the predator's ability to

With regard to the £115.6m

financing package, the BMP camp maintained that, on cer-

tain future profit assumptions

for the two groups, the cove-nants concerning interest cover could be broken in the

first two years and the cash-flow cover limit in the first five

years of the main seven-year

It made the claim on the

including share options, was

£104.7m, on top of which BDDP would have to refinance £6m of

asis that the cost of the hid,

increase its terms.

loan agreement.

A final dividend of 8p (6p) makes a total of 12p (9p) for the

ries about bousing persist.

has calculated, would then face

£6.4m of "earn-out" payments in the period to end-1989 and a

peak working capital require-

It pointed out that the con-

tention that the covenants

would be breached assumes no

clients are lost as a result of BDDP's action. "If clients were

had made provision for all the

capital requirements of the businesses. A statement from BDDP accused BMP of seeking

to unsettle staff, while failing to explain its lack of develop-

BMP's defence document

ment in Europe.

ment of £7m.

uggested.

By Ian Hamilton Fazey, Northern Correspondent ICI PAINTS yesterday announced that it is restructur-• COMMENT ing its worldwide can coating The lack of a profits breakbusinesses into a single packdown from Higgs & Hill makes aging group to strengthen its technical and commercial power and bid for 40 per cent it difficult to assess prospects. Clearly a lot of last year's growth will have come from a UK housing market which overheated last year and is now moving into reverse. Higgs & Hill, which has a high of the global £800m high technology can market. The company at present has about 28 per cent and already claims world leadership. Mr

quality landbank much of it acquired cheaply, will find it easier to sustain sales than Quintin Knight, director in charge of the initiative, said: "We don't know much, but it's larger volume builders which this week reported that sales in southern England had fallen going to cost us many millions of pounds. Our present share is by between 20 per cent to 30 per cent in the first three based on sound technology. We shall be stepping up research into basic, background chemis-try and how to develop this for months of this year. Higher prices last year will continue to assist housing profits while contracting should receive a boost from higher margin work the canning industry. Wa shall be doing research on the ground in south east Asia and refurbishing in Europe." won last year. Property profits from both sides of the Channel should remain strong. A prospective pe of about 7.5 on pre-tax profits of £29m therefore ICI will open a new can coat-ings factory in Theiland within six months and is at present looks a little cheap but is unlikely to change while wor-

deciding whether to site a large research and development department in Singapore or Malaysia to service rapidly growing Asia-Pacific markets, The company already manufactures in Australia, Taiwan

The new group will allow easier technology transfer around the world, unifying 11: different major coatings companies which ICI has acquired over the years. These include Birmingham-based Holden Sur-face Coatings and Edward Marsden – a specialist metal decorating ink supplier – in the UK, Wiederhold in West Germany and Attivilac in Italy. Holden Europe operates in France, and ICI Paints Espagna

lost, which seems likely, the financial position would be considerably worse," it In the US, ICI leads through Glidden, acquired in 1986, and which has more than 80 per cent of the North American Yesterday, however, Charter-house, BDDP's adviser, said it was not true that there would be any breach, BDDP, it added, market for coating the insides of beer and beverage cans with corrosion- resistant lacquers. The driving force behind

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of consedering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdividends are interims or finals and the subdividents shown below are based mainly on last year's limetables.

TODAY

ICI's new initiative is globalisa tion by canning glants wanting consistency of international supply.

The key to successful can-ning is the thin layer of inert lacquer which separates can from contents. This helps ensure that globally marketed products such as Coca Cola or Castlemaine XXXX taste the same wherever they are bought in the world.

In the US, Glidden bad. already developed a water based lacquar before ICI based lacquar before ICI bought the company from Hanson. This quickly won massive market share over solvent-based lacquers, which pollute the atmosphere as they dry in can manufacturing plants.

KCI is now working on transferring Glidden's technology from the aluminium cans which dominate in the US to the steel and tinplate ones which are still the most widely used in Europe.

Holden is also developing its adhesives and coatings business for the flexible packaging industry.

ICI Paints is world leader in the £20bn paints and coatings market, manufacturing in 29 countries, with licensing agree-ments in another 14, including Japan. About half its coatings are decorative, notably the are decorative, notably the Dulux brand, but the rest are high technology industrial

Vistec

Vistec, the USM-quoted computer services and supplies group, said-that it would lapse its offer for DDT Group after it closes on April 13. A rival bidder, Apricot, has subsequently emerged; Apricot's revised terms have been recommended by the DDT board:

added that its figures for the year to the end of March would be sent out "in due course"... this may be of limited interest existing BMP debt. BDDP, it Porter Chadburn in US move

By Andrew HIII

MR RAY DINKIN, who joined Porter Chadburn as chairman and chief executive from Scott Paper, has begun to act on his ambition to build up the group's paper and packaging

Porter - a specialist distribution and consumer products company - is to buy Lord Label Group of the US, a supplier of self-adhesive printed lahels, for an initial \$12.5m (£7.4m). At the same time the company is launching a £11.9m one-for-three rights issue aimed at reducing overall borrowings and funding the group's growth strategy, initi-ated when Mr Dinkin took the

helm two years ago.

Mr Dinkin said that Porter, which already has a small plaslebeartedly into packaging

activities. He added that he hoped to double Porter's size within two years through acquisition and

organic growth.
As well as the initial \$12.5m for Lord Label, Porter will pay another \$1.5m over a four-year period. The UK group will bor-row \$11m in the US - to min-imise its exposure to exchange rate fluctuations — and the balance will be paid in shares. Further cash payments up to \$21m may be made, depending on profits in the years to

The US vendors have guar-

tic packaging operation, had anteed that Lord Label will waited to strengthen the quality of its earnings and its bals of run in the year, turnover was \$35.3m. Porter shareholders are

being offered one new ordinary share for every three held, or

share for every three held, or eight ordinary shares for every 15 convertible preference shares, on the basis of 88p per share. That compares with yesterday's close of 104p, down 3p. The issue should broaden Porter'a shareholder base. G M Firth (Holdings), the quoted steel stockholder which once held 64 per cent of Porter, is allowing its stake to be diluted from 20 per cent to 13 per cent. from 20 per cent to 13 per cent, and Charterhouse Bank's stake will come down from 8 per cent to 5 or 6 per cent.

COMPANY NEWS IN BRIEF

BRISTAR GROUP, the food and agri-business division of Berisford International, bas acquired Scotia Brock Foods for a sum to be determined. Scotia prepares, packs and distributes dried fruit and pulses and made a pre-tax profit of £0.8m in the year to September 3 1988 on £21.6m turnover.

BROOKS SERVICE Group has acquired Bowling Park Services, a Bradford-based workwear company, for £800,000. The company will join Brooks' textile rental division. BPS acbieved pre-tax profits of £82,000 on turnover of £915,000 in its last financial year. IN SHOPS has moved into ser-

viced office accommodation with the purchase of Warwick Executive Services. Initial consideration is £650,000 and the maximum £2.05m depending on profitsbility, all in sbares. Vendors warrant at least £100,000 profit for year to Angust 30

MIDSUMMER LEISURE has purchased Tempsure, trading as BT Newton and Co. Midsummer will issue 74,106 ordinary shares as part of the consider-ation of £503,000. A further amount up to £150,000 is payable over two years dependent on future profits. Net assets being acquired are £170,000. RATCLIFFS (Great Bridge):

£12.54m buy-in by Savarn declared unconditional after having received acceptances in respect of 86.06 per cent of the ordinary shares offered. First and Second preference offers accepted in respect of 12.05 per cent and 26.52 per cent respectively. Buy-in organised by Grosvenor Venture Managers, whoses chairman, Mr David Beattie, is also a director of Severn and will join the board of Ratcliffs.

GKN AUTOPARTS ,an Austra lian subsidiary of GKN, has purchased a Sydney-based autoparts business called B and R Brake from Hynon Pty. for A\$3.25m.

SHARE STAKES

African Lakes Corporation Mars Security now holds 298,462 ordinary shares in com-pany representing 5.35 per cent of the current issued share cap-

Hanover Druce - On April 7 Mr A R Shaw, a director, acquired 50,000 ordinary (0.812 per cent). His holding is now 636,201 (10.33 per cent). The shares are registered in the name of AR Shaw - 393,500: director's wife - 20,000: Cen-tral and Metropolitan Estates

(a company jointly owned by AR Shaw and SA Parnas, another director of the company) - 153,701: trustees of Central and Metropolitan Estates Retirement Benefits Scheme (of which A R Shaw

and 8 A Parnes are two of the trustees and sole members) -69,000. Sunset & Vine - CA Frewin

chief executive, has increased his beneficial bolding to 2.4m ordinary (51.81 per cent) with the purchase of 25,000.

Toye & Company - Saxonbest and associates has 141,500 shares (6.3 per cent).

NORWAY

The Financial Times proposes to publish a Survey on the above on

May 2nd 1989

For a full editorial synopsis and advertisement details, please contact:

Chris Schaanning on 01-873 3699 or Gillian King on 01-873 4823 or write to them at:

Number One, Southwark Bridge London SEI 9HL.

FINANCIALTIMES

BOARD MEETINGS

SPONSORED SECURITIES 320 295 Ass. Brit. Ind. Ordinary 38 30 Armitage and Rhodes 33 25 868 Design Group (USA) 10.3 3.2 8.5 8.2 4.0 1.6 29.1 6.1 ... 5.5 9.6 10.2 ... 4.1 4.5 8.4 4.3 10.4 9.4 3.1 8.5 21 27 6.7 5.9 11.0 12.3 14.7 7.6 10.3 12.0 3.3 24 155 7.5 8.0 9.3 10.7 2.7 8.0 2.4 12.2 7.3

Securities designated CSE) and (USM) are dealt in subject to the rules and regulati Stock Exchange. Other securities listed above are dealt in subject to the rules of

Gravelle Davies Limited

8 Lorat Lauchtendon ECSR 887
Telephone OI-621 1212
Member of the Stock Exchange & TSA 8 Loves Lase, London ECSR SEP Telephone 01-621 1212

NOTICE OF REDEMPTION

Ford Motor Credit Company Floating Rate Notes due November 1991

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the Piscal dated as of November 1, 1984 between Ford Motor Credit Company (the " Cheso Marnhattan Bank, N.A. (the Tiscal and Panis, Account deted as of November 1, 1984 between Ford Motor Credit Company (the "Company") and the Chape Manhattan Bank, N.A. (the "Fiscal and Paying Agent") at all the Company" and the Chape Manhattan Bank, N.A. (the "Fiscal and Paying Agent") at all the Company" and the Rate Notes due November 1991 (the "Notes") will be redeamed on May 18, 1989 (the "Redemption Date") at a redemption price of 100% of the principal amount thereof (the "Redemption Price") together with accrused interest to the Redemption Date.

The Redemption Price will become due and payable upon each Note on the Redemption Date and on and after such Redemption Date interest on the Notes will cose to accrus. Payment of the Redemption Price will be made upon presentation and surrander of the Notes, together with all appurtmental coupons meturing subsequent to the Redemption Oate, at any of the Ioliowing paying agencies.

PORD MOTOR CREDIT COMPANY

By: THE CHASE MANHATTAN BANK

Dated: April 7, 1989

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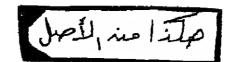
Its casy, just make any Booking for 2 persons on your next flight or AETA Holiday & take ABTA approved Travelguard Insurance (Under written by Accident & General) & We will give you ABSOLUTELY FREE a NOVATEL 1320 HANDS FREE CARPHONE & AERIAL as Supplied by The Carphone Group PLC

LEGAL NOTICES

Registered number: 1306780
Nature of business: Knitweer manufacturers.
Trade classification: 08.
Date of appointment of joint administrative recolvers: 3 April 1999.
Name of person appointing the joint administrative receivers: Barctays Bank pic, John administrative receivers: David John Stokes Michael Joseph Moore, Office holder numbers. 2662 and 5562 of Cork Gutly, 23a The Ropewalk Notingham.

CLASSIFIED ADVERTISEMENT RATES

	Per ane (min 3 ilnes)	single col cm (min 3 cms)
	£	2
Appointments	14.50	49.00
Commercial & Ind. Property Residential	12.50	43.00
Property Buciness	10.00	35.50
Opportunities Butinesses For	14.50	51.00
Sale/Wanted	13.50	46.00
Personal	10.00	35.50
Travel	10 00	35.60
Contracts.		
Tenders	t3.50	45.00



TECHNOLOGY

fter many false dawns, videoconfer-ancing — bolding meetings between people in separate locations linked by television seems et last to be taking off as a serious commercial activity. Although British Telecomhas offered a service — in the form of a network of public studies — since the early 1970e, UK companies have been put off by the high cost and cumbersome equipment. Videoconferencing has also suffered from the reluctance of business people to change their habits and, ironically, from its reputa-tion as an emergent technology which has never emerged. That image is now out of date, according to Roger Tur-kington, BT's videoconferenc-

ing business manager. He/says that the volume of business has the volume of business has doubled every year since 1985, when companies started to install in house videoconferencing facilities.

This year BT — which has more than 80 per cent of the UK market — will make about 195m from transmitting rideo

25m from transmitting video-conferences on its network and a further £5m from selling equipment and studies. Thirty companies have installed a companies have installed a total of 100 videoconference studios in the UK.

The rest of Europe has about 400 studies, according to Steve Timms, a telecommunications specialist with Ovum, the London-based consultancy. Growth has been faster in the US, where there are 1,200 studios. Participants in a videoconference can not only hear and but also display documents, technical drawings, computer graphics or products. The main benefit is to make face to face meetings possible while avoiding the high costs, inconve-

nce, stress and wasted time

involved in travel. There are now videoconference users in all sectors of the economy. Most are large manufacturing and service companies. The two exceptions in the UK are firms of solicitors: Bird Semple Fyfe Ireland-has studios in its Edinburgh and Glas-gow offices; and Brebner & Co. (coder and decoder). This digi-has the country's shortest reg-tises the video signals and ular video conferencing link -- compresses them so that they covering 360 metres between can be transmitted on the Cheapside and the Lloyd's international digital telecom-Building in the City of London. BP, in contrast, has one of the largest and most wide

MEET HGS

Development Company Ltd., Comp Hell, Duchem. DHI SUT

ner mer 306 4611 The 2670

spread international video ne-works, with four studios in the UK and four in the US. Ford holds regular three way videoconferences between is UK engineering centre in Du- which squeezes redundant ton, its West German mannie- information out of the signals



A standard videoconference room installed by British Telecom

The changing face of corporate meetings

The hassle of travel is opening company minds to videoconferencing. Clive Cookson reports

turing centre in Cologne and its US headquarters in Detroit. On one occasion, 40 senior managers met to discuss how West German exhaust smis sion regulations would affect production. Scheduling a meeting between so many managers would have been virtually mpossible without videocon-erencing, and the company estimates that two weeks production time was saved. Mergers sometimes encour-

age videoconferencing. For example, the Nationwide and Anglia building societies set up e link in anticipation of their union in 1987. The conference rooms in London, Swindon and Northampton are used for 15 to

20 meetings a week. The technical heart of videonunications network.

A standard television broad-

cast, with a transmission rate of 140 megabits per second (Mbit/s), takes up far too much network capacity to be used rontinely for videoconferences. The codec contains a computer

by a technique called "conditional replenishment". All codecs in use today operate at 2 Mbit/s or less.

ent standards and cannot inter-

connect. CLI developed propri-

etary standards at its laboratories in California, whereas GPT follows e Euro-pean standard based largely on research work at British Tele-

com's Martlesham laboratory.

At present, almost all video-conferences take place between different sites within the same

company. Because so little video communication takes

place between companies, Timms says that the absence of

a common standard has not so

For the future, the rival manufacturers are in the pro-cess of setting e world stan-

dard for the next generation of videoconferencing equipment, under the auspices of the Con-

sultative Committee on Inter-national Telephony and Teleg-

raphy (CCITT). The new

standard will cover codecs from 64 Kbit/s to 2 Mbit/s. It is

due to be completed in October

and to take effect in July 1990. Eventually it will enable

users to interconnect anything

from a personal videophone to

a large-scale videoconference

digital communications net-

work, says Norman Shilston,

technical manager of GPT

Video Systems, "It will estab-

system, using the international

far held up growth.

To achieve this, the system transmits only those parts of the picture which change from one frame to the next. When the cameras are fixed in one position — as in a videoconference studio — the background remains constant and can be stored in the codec without having to be retransmitted.

Less than half of the 2 Mbit/s
ceiling is needed to give good
quality pictures for meetings of up to six people in each studio, so long as the participants do not get too excited and start jumping up and down. The rate most commonly used in Europe is 768 kilobits per second (Kbit/s).
When there is only one per-

son at each end, the transmission rate can be reduced further. Compression Labs Inc (CLD, the leading US supplier of videoconferencing equipment, sells a codec for personal videophones operating at only 56 Kbit/s - the same rate as a digital voice line.
Two companies - CLI and

the UK joint venture GEC Plessey Telecommunications (GPT) dominate the global market. Their products work to differ-

lish e global network of dial-up video systems." video systems."

Although the costs of video equipment and transmission have fallen over the past three years, videoconferencing still requires e substantial investment. British Telecom charges about £150,000 to set up two videoconference rooms, including furniture and equipment.

The transmission costs The transmission costs

depend on distance. A typical customer might lease a Megas-tream (2 Mbit/s) line from London to Edinburgh for £100,000 a year and use about one third of its capacity for videoconferenc-ing and the remaining two thirds for transmitting com-International videoconferen-

cing is more expensive, of course, BOC, the multinational industrial gases and bealth care group, which is setting up a permanent videoconference link between its UK. link between its UK and US headquarters, expects to spend £1m in the first year and £1/2m

a year subsequently.
On a typical day, two or three BOC employees cross the Atlantic on business. "Ws're sick and tired of spending two days travelling to do some-thing that should take two hours," says Deb Chatterji, the company's vice president for technology. Even so, Paul Bosonnet,

BOC deputy chairman, says that the link cannot be justi-fied financially in terms of direct savings in time and travel costs. But he expects substantial indirect benefits from more rapid and better informed corporate decisions. The facility will be used by both senior managers and tech-nical staff (who will hold transatlantic meetings to discuss detailed engineering plans for new plants). BOC tried out videoconferen-

cing by holding a meeting of the board's executive committee with half the members in London and half in New York. At first, says Bosonnet, they felt very conscious of the cameras and microphoues. They tended to shout and to look at their own images on the monitor screens. "But after about 15 minutes we settled down and had a normal meeting."

This experience is typical of people taking part in their first videoconference. Other users say that they grow accustomed to the technology very quickly. They forget that neither the sound nor the picture quality is quite up to the standard of a good video or television. And they soon stop making unfavourable meutal comparisons between their colleagues and slick television performers.

Communications for the year 2000

CAMBRIDGE Consultants, the UK technology consultancy, is leading a European consortium of eight users and makers of mobile communications in a programme designed to examine what user needs will be for sending speech, data, pictures and video by the

year 2000. The work, cos is being funded 50:50 by the European Commission and the participants. It forms part of the EC's Race initiative (research into advanced mmunications for Europe).

The participants will be examining four eress. For example, the British Broadcasting Corporation and TRT, the Paris subsidiary of Philips, will examine the communications

needs of broadcasting and the emergency services in response to an accident or disaster. The challenge is to rapidly establish links that an carry large amounts of

DHL Worldwide Express of Brussels, the courier service, will work with Philips Systems to improve courier operations. One objective will be to facilitate the axchange of scheduling Information using data links end perhaps video, as well as giving distribution centres more control over operations.

Radio support systems for public utilities will be examined by the UK Electricity Council Research Centre and the French telecoms company Alcatel. Although the utilities already use mobile redio extensively the partnership will concentrate on the problem of sending text and graphics

to people on the move. The fourth group is Germa Rallways and AEG Olympia. It will try to Improve communications for both passengers and crews on moving trains.

A machine that answers inquiries

SEFER, of France, has devised e pair of printer circuit boards for en IBM PC, which turn it into an intelligent answering

Known as Vocatel, the system answers the phone

WORTH WATCHING

Edited by **Geoffrey Charlish**

and offers the caller a choice of two or three-word phrases with which he or she can pursue en inquiry. In response, the system with extract appropriate passages from up to 30 minutes of digitised speech held on 12

megebytes of hard disk. Vocatel can recognise up to 100 words and because they are spoken only two or three of a time, the system does not have to be "trained" to respond to a specific user.

It can work on a "tree and branch" basis, ellowing the user to obtain more detailed caller might be given an initial choice of theatre, cinema or concert hall. Choosing the last, he migh main hells. Selecting one. he would then have the

programme read over to him. At £2,000, the system is mainly intended to provide an Interactive public information service. But Sefer believes that it will else be attractive as a computerbased telephone answering system that does not rely on tape, delivers personalis messages and stores answers on hard disk.

A smart rate of growth

THE 1989 Smart Card Annual, just published, forecasts that there will be 200m integrated circuit (IC) cards in circulation throughout the world in 1995 and that 60 per cent of them will be IC memory cards, The remainder will be smart cards memory cards with processors.

Over the period, this signifies an average annu growth rate of 39 per cent for IC cards. The £2.195 report covers most aspects of the subject, including laser-optical cards

Sticking to the ownership traii

A NEW UK company, Tagit Systems of Isleworth, has launched e marking system that protects domestic and industriel items against theft. An eluminium label is used with en edhesive which the company claims makes it impossible to remove, except with a chisel or angle grinder.

But, says Tagit, that would merk the underlying case or cabinet to such en extent that its resale velue would be severely reduced and it would look suspicious. A second lebel could also be concealed inside the Item.

Tegit goes beyond conventional marking. Each label has a unique nun which is recorded in a computer databank with a description. This means that if the property is recovered, the registered owner can be rapidly established.

The majority of stolen property is nevar returned cause of the difficulty of tracing the owner. This link, says the company, can now be established by phone in minutes.

A domestic Tagit package of 20 numbered labels, with Instructions, logging form end databass entry, costs £27.50.

Joint drive in erasable disks

A JOINT venture company, called Maxoptix Corpora has been formed by Maxtor, the Californien data storage specielist, and Kubota, e Jepanese manutecturing

company. The new company will tevelop erasable optical disk irives tor data storage. Kubota will make the devices at a location yet to ba decided. The Osaka company, which is investing \$12m to ecquire e 25 per cent equity ehere in Maxoptix, will have world menufecturing rights end exclusive rights to sales

în Jepan. Maxtor will have exclusive marketing rights in the west end will elso be responsible for research end development of optical erasable stores. It reports that its previously nounced 5.25 in Tahiti drive has been well received end that production will start in the third quarter of this yeer.

CONTACTS: Cambridge Consultants: UK, 0223 358855. Sefer: France, 4951 2960. Smart Cerd Concepts; US, (415) 325 4357. Taglt: London, 588 0032. Maxtor: UK office, 04862 29814.

COMPANY NOTICES

COMMERZBANK SE

NOTICE IS HEREBY GIVEN that this year's Annual General Meeting of Commerzbank AG will be held in Düsseldorf on May 30, 1989.

AGENDA (abridged version)

1. To consider the Bank's established Annual Accounts, the Report of its Managing Directors on the Bank's Performance, the Report of its Supervisory Board, together with the Consolidated Annual Accounts and the Group Report, for the year ended December 31, 1988.

2. To approve the payment of a dividend of DM 9 per DM 50 nominal share, thereby also approving a payment to the holders of the Bank's profit-sharing certificates of 9.75% of the latter's face value.

3. To approve the actions of the Board of Managing Directors during the financial year 1988.

To approve the actions of the Supervisory Board during the financial year 1988.

5. To authorize the agreements with affiliated enterprises (affiliation agreements) that the Commerzbank has concluded with several

subsidiaries and affiliates (private limited liability companies). 6. To appoint Treuarbelt as the auditors for the financial

year 1989. Shareholders in the United Kingdom who wish to attend and vote at the Annual General Meeting should

inform either the London Branch of Commerzbank AG at 10/11 Austin Friars, London EC2N 2HE, or S.G. Warburg & Co. Ltd., 2 Finsbury Avenue, London EC2M 2PA, who will make the necessary arrangements. Such notice should be given by May 16, 1989. Copies of the German version of Commerzbank's

1988 Annual Report will be available shortly from both Commerzbank and S.G. Warburg. The English version is currently being prepared. COMMERZBANK AKTIENGESELLSCHAFT

HEALTHCARE GLOBAL FUND SJ.C.A.V.

2, boulevard Royal — L-2953 Luxen R.C. Luxembourg B-25162

Notice is hereby given that an EXTRAORDINARY GENERAL MEETING

of shareholders will be held at the registered office at 2 boulevard Royal, Luxembourg on April 21, 1989 at 3.30 p.m. in order to resolve about the following:

 Amendment of the articles, including amendment of article 3 to insert the word «transferable» before the word «securities» in the first paragraph and to replace the reference to the law of August 25, 1983 by that to the law of March 30, 1988 in the second paragraph, as well as other amendments to articles, 8, 11, 12, 13, 17, 20, 22, 23, 25, 27 and 30 required or permined by the law of March 30, 1988 to adjust the articles to provide for indefinite duration of the life of the Corporation and to make into account certain changes of general company law and to make some further ame

 Any other amendments required by any supervisory authority and/or deemed necessary by the legal adviser of the Corporation. The shareholders are advised that a quorum of one half of the shares outstanding is required for the holding of the meeting and resolutions will be passed by an affirmative vote of two/thirds of the shares present or represented at such meeting.

In order to amend the meeting of April 21, 1989 the owners of bearer shares will have to deposit their shares FTVE clear days before the meeting at the registered office of the Company or with Banque Internationale a Luxembourg, 2 boulevard Royal, Luxembourg.

The Board of Directors

HEALTHCARE GLOBAL FUND S.I.C.A.V. 2, boulevard Royal - L-2953 Laxembourg

R.C. Luxembourg B-25162

Notice is hereby given to the shareholders, that the ANNUAL GENERAL MEETING

of shareholders of HEALTHCARE GLOBAL FUND will be held at the head office of Banque Internationale à Luxembourg, Société Anonyme, 2, boulevard Royal, L-2953 Luxembourg, on Friday, April 21, 1989 at 3.00 p.m. with the following agenda:

1. Submission of the report of the Board of Directors:

Approval of the Statement of Net Assets and of the Statement of Operations as at December 31, 1988; 3. Allocation of net results;

 Discharge of the Directors and of the Statutory Auditor with respect of their performance of duties for the year ended December 31, 1988; 5. Receipt of and action on nomination of the Directors and of the Auditor:

Miscellaneous.

The shareholders are advised that no quorum is required for the items on the agenda of the Annual General Meeting and that decisions will be taken on a simple majority of the shares present or represented at the meeting with no restriction.

In order to attend the meeting of April 21, 1989, the owners of bearer shares will have to deposit their shares FIVE clear days before the meeting at the registered office of the Company or with Banque Internationale à Luxembourg, 2 boulevard Royal, L-2953 Luxembourg.

The Board of Directors

LEGAL NOTICES

JOHN TOON & PARTNERS

LIMITED

IN RECEIVERSHIP

tion 48 of the insolvency Act 1966, that a MEETING of the CREDITORS of the above named company will be held at The Panguin Hotel. Now Street, Birmingham on Thursday 20 April 1969 at 11.00 am for the purposes of having laid before it the report prepared by the joint administrative receivers in accom-

YORKSHIRE BUILDING SOCIETY £10,000,000 Floating

Rate Subordinated Notes due 1999 in accordance with the terms

and conditions of the notes, notice is hereby given that for the three months period from April 11, 1989 to July 11, 1989 the notes will carry an interest of 14.015630 pct (including the margin of 0.75 pct).

The coupon amount so calculated payable on July 11, 1989 will be £3,494.31 for the denominations of £100,000.

MIDDLE WITWATERSRAND (WESTERN AREAS) LIMITED Reg. No. 05/04469/06

incorporated in the Republic of South Africa

Glosing was a second of the constant of the constant of the company will be closed for the period 2 to 5 May be closed for the period 2 to 5 May be constant of the purpose of the constant of the co

LEGAL NOTICES

SELECT SUPPLIES LIMITED

Registered number: 2052944
Trading name: Select Transport
Nature of business: Light Road Hay
Trade classification: 28.
Date of American Trade disselfication: 28.
Date of appointment of joint administrative receivers: 3 April 1980.
Name of person appointing the joint administrative receivers: Lloyds Bank ptc.
JOHN FREDERICK POWELL and IAN NAPIER CARRUTHERS Joint Administrative Receivers (Office holder nos 249 and 814) of Cark Gully at Tampia Row

ART GALLERIES

Irative receivers. Value
Agency.
J P Considine and H O Jones
Joint Administrative Receivers
(Office noticer not 58 and 186) of Cork Gully,
Churchill House, Churchilf Way, Cardiff,

DATED this 6th day of April 1989

THE CHYSTAL COMPANY WALES LIMITED

The Lefevre Gallery, 30 Bruton Street, London W.1. 01-493-2107. An Exhibition of works by Jean- Baptiste- Camille Const 6th - 26th April, Mon - Fr; 10am - 5pm, sa 10am - 12,30 pm.

FUI TSU CHECKED OUT THE WORLD BEFORE **CHECKING INTO** COUNTY DURHAM. Shouldn't you be hinking of checkingout how County Durhamcan help your busines expand? . Juinty Durhaus Developmet Company Ltd.

DEVELOPMENT COMPANY

check us out

COMMODITIES AND AGRICULTURE

Strong demand pushes tin price above \$10,000

By David Blackwell in London and Wong Sulong in Kuala Lumpur

WORLD TIN prices continued their inexorable rise yesterday. The spot European free market price rose above the \$10,000 a tonne mark in the morning, and ended the day \$300 ahead

Analysts believe the market, which is being mainly driven by European demand, is now on course to test \$11,000 a tonne. Their confidence that the bull trend will persist is based on the low level of stocks and little prospect of any significant production increases for this year.

Earlier prices on the Kuala Lumpur took another big leap, rising by 68 cents to reach 27.17 ringgit a kilogramme, equiva-leot to \$9.898 a tonne.

"There was good demand all the way, and the Europeace are buying two to three months ahead, in anticipation of prices going up even further" said a trader When the market opened at for 625 tonnes, while offers for sale amounted to 40 tonnes. At 27 ringgit, there were bids for 170 tonnes and offers for 73. At 27.17 ringgit, bids and offers were matched at 113 tonnes. Traders said the market was also buoyed by the outcome of the emergency session of the Association of Tin Producing Countries on Tuesday. The ATPC confirmed there was a

"temporary shortage" in the market, and authorised its

members to dispose off what-ever available stocks they

It estimated that at the end of March, world stocks amounted to 30,350 tonnes, comprising 13,383 tonnes in concentrates and 16,969 tonnes in metal, balf of which are locked in due to litigation. "It looks like the tightness in the market will persist for a few more weeks at least as the smelters are already working at full capacity to meet demand," said a trader.

BHP oil find lifts **Timor Sea** prospects

By Bruce Jacques

BROKEN Hill Proprietary has improved the prospects of the Timor Sea, Australia's only important new oil frontier, with the largest oil find in the

The company told stock exchanges yesterday that dril-ling on the Challis-8 well had found a 77m oil column and a drill-stem test was being run before completing the well for

The significance of the inter-section is that BHP now expects to connect seven pro-duction wells to a floating oil platform to be installed later this year rather than the three wells on which the project was initially based. BHP also announced yester-

day that another well in the region, Jabiru-8A, would be suspended as a potential pro-BHP has a 50 per cent interest in the Challis well. Other leading partners include Esso,

was offset by a decrease in secondary recovery. rose about 42 per cent in 1988
Christian, Podleska, and van to 45m onnces, probably a

Kenneth Gooding on a report which foresees no short-term upturn Gold supply / demand balance

Million troy ounces

Gold unlikely to glitter in 1989

THE GOLD price weakness last year and, so far, in 1989 is not the begining of a major cyclical downturn "but should be viewed as an interruption in the rally that began in 1985 which should be expected to resume, with vigour, in the next few years," according to the annual review of the gold market released by Goldman Sachs, the securities group. investor disenchantment with gold is behind the weak-

ness, compounded by a fall in central hank gold buying which supported the price last year in the absence of strong investor demand, it says. These factors could take the price down as far as \$335 to \$355 a troy ounce this year and

the annual average price might decline by 10 per cent to 15 per cent from the 1988 level to \$370 to \$395 an ounce. On an annual average basis. gold prices fell by 2.4 per cent in 1988 to \$437 and ounce, from

\$447 in 1987. The review indicates that total gold supply was stable last year at 64m ounces. A 13 per cent increase in mine production ontside Sonth Africa

record, according to the review. A further 6.8 per cent Musschenbroek, the precious metals research and consulting increase to 48.1m ounces is projected for this year. CPM points out that the fac-tors which stimulate investgroup which produced the report and are Goldman Sachs' commodity market consultants, suggests total gold sup-ply this year will rise by 5.5 per

> est rates, volatile currency markets, financial market and economic uncertainties. These "have been postponed by the elongation of the (world) economic expansion but should reappear in the

next few years."
However, a rebound should

ment demand have not van-

ished - inflationary pressures and expectations, higher inter-

and interest rates increase sui ficiently to threaten US expan sion, the review suggests.
It goes on to contest the idea

It goes on to contest the idea that gold prices no longer react to political events. The fact is that gold prices have always been, and remain, sensitive to the political events that hold the potential of inflicting harm on gold investors, miners and others in the cold market. others in the gold market."

For example, gold prices responded forcefully when the fundamentalist Islamic revolution took control of Iran and threatened to spill over into other nations in the Gulf, since gold was the most important component of savings in the region and a fairly transport-able form of wealth.

The review briefly analyses outlooks for silver, platinum and pelladium. It says silver prices are under downward pressure because of weak industrial and investor

Platinum has been Influenced by a long-term surplus of the metal and short-term supply disruptions. Platinum prices are expected to trade in the \$450 to \$550 an ounce range

Government orders rapid review of fruit spray

By Bridget Bloom, Agricultural Correspondent

THE British ministry of agriculture has ordered an-

agriculture has ordered anurgent review into a pesticide sprayed onto apples and bears as a growth regulator.

Alar, also known as datalnoxide, is reported to be a possible cause of cancer in the US where may be banned.

According to UK officials, the Advisory Committee on Pestides will meet next week to review evidence received from the US Environmental Protection Agency on the posticide. The Committee is expected to report within 10 weeks.

ticide. The Committee is expected to report within 10 weeks, a comparatively short period for such a review.

No advice has been issued to growers on whother or not they should continue to use the chemical. However, the ministry yesterday made much of a statement issued last month by the US Surgeon General and endorsed by the US Department of Agricultars, to the effect that it remained perfectly safe to est apples. fectly safe to est apples. Alar is made under license in the UK by Dow and is saidto be used on about 7 per cent of the apple and pear crops. It is used to ensure a well-devel-oped crisp apple and can be applied to trees in blossom or early fruit development.

Zimbabwean hopes more than pipe dreams

Tony Hawkins on prospects for tobacco prices in Harare after the start of auctions

Santos, Ampol Exploration and Norcen International.

ZIMBABWE'S 1989 flue-cured tobacco auctions opened on a buoyant note this week with leaf prices averaging 381 cents a kilogram (190 US cents) on the first day · up 40 per cent on

last year's opening.
It is always dangerous to read too much into the first day's sales but the firm start to the sales has beartened industry optimists who are predict-ing a modest increase in prices this year.

Following an erratic summer in which Southern Zimbabwe experienced severe drought while farmers in the far north had too much rain, both buy-ers and growers expect the overall leaf quality to fall sbort of last year's vintage stan-dards. But a high-quality crop is still likely and the combination of good quality, continu-ing depreciation of the Zim-babwe currency and modest growth in world tohacco demand should ensure a fur-ther improvement in prices, though nothing to match last vear's 80 per cent increase.

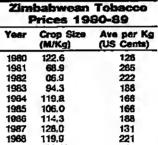
Since independence in 1980 output has risen a mere 6 per cent from 122.6m kilograms to the current year. In spite of this, the domestic currency value of the crop has increased nearly fourfold from Z\$97.5m in marily reflecting currency fluctuations rather than market influences. Indeed, the US dollar value of the crop incre 70 per cent during this period from US\$155m to \$265m. In Zimbabwe dollar terms,

the average leaf price rose from 80 cents a kilogram in 1980 to 313 cents in 1986. There was then a sharp setback and prices plummetted in response to the poor quality drought-stressed crop offered at the

Last year's vintage crop caught the buyers' imagina-tions and the price rose 80 per cent to a record of 393 cents. The 400 per cent increase in the Zimbabwe leaf price (in local currency) compares with only a 20 per cent increase in the price on the US market and this massive discrepancy is largely explained by the steep devaluation of the Zimbabwe dollar from US\$1.58 in 1980 to US\$0.49 at present. Indeed, in US dollar terms, last year's auction-floor price was lower than that paid by merchants in

Forecasting anction floor prices is a hazardous business. A year ago, the top brass of the iadwe Todacco Association which represents the growers forecast a leaf price of 330c - 16 per cent short of the average reached for the season when the floors closed in September. This year, there are two

COCOA E/tonre



quite distinct schools of thought. On the one hand, the pessimists are predicting a price in the region of 380 cents to 400 cents - little different from last year's 393 cents. They argue that the 1988 price was the result of an exceptional quality crop that matched huyer preferences in a way unlikely to he repeated this

The optimists believe that

the 1989 crop quality will not be substantially different from last year and that with prices advancing on both the Brazilian and US markets in response to demand expansion, increase by at least 5 per cent to between 410 cents and 420 cents. They argue too that since the sales opened last year, the Zimbabwe dollar has

against the US currency and if only half of this is translated into higher auction-floor prices, the seasonal average will reach 420 cents.

Its impossible to exaggerate the industry's importance to the Zimbahwe economy, contri-hnting some 20 per cent of total exports and 6 per cent of Gross Domestic Product. This year the auction sales have assumed an even greater significance because production of other major crops - maize and cotton in particular - will be lower following the erratic rainfall experienced over the past 4 months.

During 1986, agricultural output rose 23 per cent as the country recovered from the 1987 drought, and this was the main source of Zimbahwe's 5.3 per cent economic growth during the year. This year, however, agriculture's contribution seems unlikely to increase by much more than 5 per cent and the hulk of this will have to come from tobacco.

. Even if the pessimists are right and the price averages an unchanged 393 cents, the value 8 per cent to Z\$510m (US \$253m) thanks to the increase in the crop to 130m kgs from 120m last year. The optimistic scenario implies a flue-cured slipped a further 13 per cent crop valued at some Z\$545m

(US \$270m) and this would add almost 1 per cent to nominal GDP in 1989.

cent to a record 67.5m ounces. The main propellant will be

s 15 per cent rise in non-South African production to 27.5m

ounces. Mine production in

South Africa is expected to rise slightly, by 2 per cent to 19.5m

onness.
Fabrication demand for gold,

Tohacco's share in total exports fell below 18 per cent last year from a post-indepen-dence average of more than 20 per cent. Tobacco exports in 1988 were worth Z\$517m (US \$286m) but in 1989 they are forecast to exceed Z\$600m leaving tobacco way out in front as an export-earner with gold exports, valued at Z\$450m, in second place.

After a period of declining profitability in the mid-80s, tobacco is once again one of the most profitable crops and production seems likely to grow more rapidly in the 1990s, with some analysts forecasting a crop of 150m kgs by 1992. The industry's comeback has

its origins in the adoption of a successful forward-looking strategy focussed on the maintenance of quality, the exploi-tation of market niches and, above all, ensuring that domestic cost escalations are partially offset by currency In the last 20 years, African

producers of primary products ally across the board. The suc cess of Zimbabwean tobacco is a reminder that such losses are not inevitable and can be reversed if appropriate policies

US MARKETS

THE METALS MARKETS ware all

higher in active trading, reports Drexel Burnham Lambert. Gold gained over 2

dollars on trade and bank participation

Deeler buying elected buy-stops in the

silver fueling its rally. Copper rose on

mostly local short covering. Lack of

fund buying in the market prevented further gains. Pletinum felf support

cocoa futures was the busiest market

from the other metals. In the softs

as news of the Ivory Coast seeking bids prompted scattered selling.

Volume for the dey was over 11,000. Sugar prices railed on rumours of

WORLD COMMODITIES PRICES

(Prices supplied by Amaigamaied Metal Trading)

Cocoa falls on talk of rising Ivory Coast supply By David Blackwell

COCOA PRICES fell to their lowest levels for nearly six

the fundamental world oversupply re-asserted itself. On the London Futures and Options Exchange (Fox) the July contract lost £22 a tonne to close at £772 on talk in the

physical market that more lvory Coast beans are becom-The Ivory Coast, the world's biggest producer, has for 15 months been withholding its top quality cocoa because it believes prices have been too

low. It has been refusing to sell below FFr 1,200 a kilogram (£1,100 a tonne), but an Boono-mist Intelligence Unit report last week said there was evidence that its minimum price was being less rigidly applied.

There was talk yesterday of a premium of only £100 a tonne over the May contract for Ivory Coast cocoa. This compares with premiums of more than 250 a tonne over the nearby contract at times last year. At the beginning of this year the Ivory Coast concluded a

controversial deal with Sucres et Denrees, the French trade house, for 400,000 tonnes of cocos. The move caused some London trade houses to cut their activities in the physical

cocoa market.
While the Ivory Coast has had some success in keeping prices up, forecasts of excess supply over demand have risen. Both Gill & Duffus and the International Cocoa Organisation recently put the surplus at 199,000 tonnes for the year.

Smooth start to Singapore oil futures

2.35

124

...

1517

35.

A SMOOTH start to deliveries of high suiphur fuel oil con-tracts traded on the Singapore International Monetary Exchange has boosted confi-dence in Asia's first energy intures, analysts said, Reuter eports from Singapore, A total of 266 lots of 100 ech tonnes were in open pos-ton for deliveries when the first trading month of April epired. The Exchange said in tro oil majors, two bunker

WEEKLY METALS PRICES

All prices as supplied by Metal Bulletin (last week's prices in

hrackets). ANTIMONY: European free market 99.6 per cent, \$ per tonne, in warehouse, 2,050-2,110

(2,070-2,110). BISMUTH: European free market, min. 99.99 per cent, \$

per lb, tonne lots in warehouse, 6.20-6.50 (6.35-6.60).

CADMIUM: European free market, min. 99.5 per cent, \$

per lb, in warehouse, 7.00-7.25

COBALT: .European free market, 99.5 per cent, 5 per lb, in warehouse, 7.35.7:60 (same): MERCURY: European free per 76 lb flask, in warehouse,

260-280 (same). MOLYBDENUM: European free market, drummed molybdic oxide, \$ per lb Mo, in warehouse, 3.80-3.90 (same).

ELENIUM: Buropean free lb, in warehouse, 7.30-8.60

ol traders were involved.

(sale). freemarket, standard min; 65 per ent, \$ per tonne unit (10

per lent, \$ per tonne unit (10 kg) TO, cif, 55-65 (same).

VANADHUM: European free markit, min. 96 per cent, \$ a lb VO, cf, 9.40-9.80 (9.50-9.90).

UR\N1UM: Nuexco exchalge value, \$ per lb, UO, 11.20 (1.60).

LONDON MARKETS LEAD prices edvanced on the Londo

Metal Exchange yesterday on Europeen trade buying, breaking through the £360 a tonne level. But the other base metals were down. The decling in nickel prices which started on Monday is expected to continue. end-users are tikely to be attracted to the market. Zinc prices elso retreeted, and traders said the tailure of the market to maintain its recent rally prompled renewed selling in expectation of a test of the \$1.595 a tonno lovel for three-month high grade metal. This was last week's 212-month low, which saw a good volume of support. Precious metals closed higher, supported by a stoedler market in New York, Palladium is still being boosted by speculative interest prompted by the recent nuclear lusion

Crude off (per barrel FOS)		+ 01 .
Dubai	\$16 70-6 85z	+0.05
Brent Glond	\$18 05-9 152	075
W 7 I. I gm esti May)	520 50-0 60z	185
Oil products		
NWE prompt delivery per t	onne CIF)	+ 01
Promium Gasoline	\$267-269	+212
Gas Cil	\$157-159	-1
Haavy Fuel Oil	\$90-93	-2
Naphtha	\$176-178	-3
Potroloum Argus Estimates		
Other		+ 05 -
Gold (per troy 64)4	\$387.25	+2.00
Silver (per 1-cy oz)-	589c	+5
Platinum (per lioy oz)	\$530.50	+215
Pallagium (pgr froy oz)	\$168 00	+5.15
Aluminium (fice market)	\$2100	+ 25
Copper (US Producer)	148%-151c	+912
cad (US Produce)	37.5c	_
Nickel (freg market)	650c	-15
in (European tree market)		+300
fin (Kuala Lumgur market)		+0.68
in thew York)	472c	+ 17
inc (US Prime Wostern)	903gc	
Carrie (Irve weight)†	119 97p	+ 2.22°
sheep idead wordhilt	247.530	+ t0.6"
igs (live weight)	85.86o	+ 4.70
		
ondon dally sugar [rew]	\$298 4v	+ 4.4
(etider) 160us vilet notice.		+ 5.5 + 4
lete and Lyle export price	2266	T-
Sarley (English feed)	21150	
Maize (US No 3 yellow)	£133.25	
Mhoal (US Dark Northorn)	£125 25v	
Pubber (spot)♥	50.50p	+ 0.50
Rubbai (May) 🖤	68.75p	+0.75
Tubboi iJuni 📆	69 76A	+0.25
Rubber Ikl RSS No 1 May	304m	+2
Scoret oi Philippinests	5542 50v	
Palm Oil (Malaysian)5	\$382 50	
Copra Ohilispinos)§	\$350	
Soyaboans (US)	\$ 198z	
Catton "A" indok	73 60c	+0.70
Nooltops (64s Super)	₫50p	
e tonne uniesa otherwise		
-contarib. I-ranggillag. y-Ap		ice/xg.
-May/Sop. w-May/Jun. z-M	i/Mav. u-Mar.	G-Ane

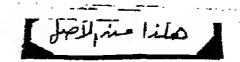
	Close	Previous	High/Low		Close	Previous	High/Low	AM Official	Kerb close	Open Interest
May	760	784	764 755	Aluminius	, 99.7% puri	(S per tonne)			Ring turn	ver 22,625 torune
Jui Sep Dec	772 781 813	794 808 838	790 763 802 779 832 810	Cesh 3 months	2095-100 2045-50	2100-5 2067-8	2102 2065/2030	2101-2 2056-7	2048-50	50,392 lots
Mar	803	827	820 802	Copper, 0	rade A (£ per	(enne)			Ring turns	wer 41,950 tonne
May Jul	803 811	826 830	820 501 820 810	Cash 3 months	1881-2 1901-2	1900-5 1815-6	1806/1796	1883-5 1799-800	1800-1	71.615 lots
			of 10 tonnes to per (onne). Cally	Silver (US	cents/fine ou	inco)			Rin	g turnover 0 sus
price f	or Apr 12		0.40):10 day average	Cesh 50 June	586-8 598-600	581-4 593-6		578-80 590-2		354 lots
				Lead (E pe	r tonnej				Ring turns	ver 13,675 tonne
COFFE	E Cranno Close	Previous	High/Low	Cash 3 months	361-1.5 363-4	348-60 354-5	364 364.5/365	363-4 364-5	381-2	9,521 lots
Man				Michel (5 p	er tonne)				Ring turn	over 1,205 tonne
May Jiy Sep	1120 1085 1042	1110 1073 1045	1120 1105 1080 1069 1052 1040	Gash 3 months	14500-600 14350-400	14800-900 14600-50	14500 14500/14300	14475-500 14300-50	14350-400	7,194 lots
Nov Jan	1034	1034	1039 1025 1036 1035	Zinc, Spec	tal High Gred	e (5 per tonne)			Ring turn	over 6,725 lonne
Mar May	1033	1037	1039 1035 1036 1026	Cash 3 months	1680-5 1660-3	1720-5 1980-6	1700/1695 1667/1650	1639-700 1666-8	1660-5	5,520 lots
		13441 lots of		Zinc \$ per	(ennot				Ring turns	ver 10,075 lonne
Apr 1		daily 1152	ents per pound) for 3 (115.90); . 15 day	Gesh 3 months	1685-90 1617-9	1730-40 1645-7	1700/1699 1630/1610	1699-700 1620-30	1612-15	12,331 lots
SUGA	N 5 per to	mus)								

Brent Clond	\$10 00-0 DDZ		3000	a lo bet to	- Interest							
W 7 (. Com esti May)	\$18 05-9 15a \$20 50-0 60a		Row	Close	Previous	High	Low					
ON products			May	265.00	264 49		0 283.		POTATO	OES Enton	па	
(NWE prompt delivery per t	onne CIF)	+ or -	Aug	264.00 263.00	263 00 262 20		0 262 0 251.			Clase	Previous	High/Low
Premium Gasoline	\$267-269	+ 212	Dec	264.00	261.00	259.0	10		May	144.0	142.0	144,5 137,0
Gas Cil Haavy Fuol Oil	\$157-159 \$90-93	-1 -2	Mar	258.00	265.60	260.0	0 256.	60	Nov	92.0	92.0	89.0
Naphtha	\$176-178	-3	White	Closa	Previous	High	Low		Feb Apr	104.0 136.1	104.0 138.0	136.0 133.5
Potroloum Argus Estimates	•		May	331 50	329 00		Ø 330		<u> </u>			
Other		+ or -	Aug Oct	323.50 315.50	322.50 312.50		O 323. O 314.		Turnove	ar 417 (87	(4) lots of 4	d tonnes.
Gold (per tray 64)4 Silver foor tray as)4	\$387.25 589c	+2.00 +5	Turnovo	r Raw 3	444 (3060)	lots	of 50	tonnes.	SOYAR	EAN MEA	L E/tonne	
Plannum (per lioy oz)	\$530.50	+215	White 1	510 (2147)						Close	Previous	High/Low
allaoium (por froy oz)	\$168 00	+5.15			ec 1945, M				Apr	162.00	162.00	
Aluminium (lice market)	\$2100	+ 25							Jun	153.50	153.00	152.50
Copper (US Producer)	148%-151c	+912							Aug	150.00	149.30	149.00
.cad (US Produce)	37.5c								Oct	150.40	150.00	150.00
Nickel (freg market) Fin (Eulopoan free market)	650c \$10237.5	-15 + 300			EXCHANG				Turnov	r 611 (21	185)tota of 2	O torines.
in (Rugia Lumgur market) in (Riga York)		+ 0.68 + 17		um 99.71		alls	_	uta				
Zinc (US Prime Wostern)	90 %c			orica S tor		Jul		Jul	FREIGH		ES \$10/Inde	
Canle (live weight)†	119 97p	+ 2.22*	1950 2050		163	150	30	59 104		Close	Provious	High/Low
Sheep Idead weight!!	247.53p	+ t0.6°	2150		36	59	7B	163	Apr	1642	1542	1655 1640
igs (live weight)	85.86p	+ 4.70"	4150		~				May	1639	1632	1651 1638
endon daily sugar frewl	5298 4v	+ 4.4	Copper	Grade A	, G	alis	F	uts	Jul	1396	1390	1405 1395
		+ 5.5	2900		260	207	10	107	Oct	1488	1483	1500 1488
ondon dally sugar (white)		+ 4	3100		110	114	58	209	Jan	1535	1530	1535
ete and Lyle export price	12:66	7.4	3300		30	57	177	347	Apr	1583	1573	1583
Barley (English feed)	21150		3300			Ð,	111	341	86	1622	1621	
Weize (US No. 3 yellow) Mhoal (US Daik Northorn)	£133.25								Turnove	r 626 (23	(8)	
Rubber (spot)♥	50.50p	+ 0.50	WOO									
Rubbai (May) 🖤	68.75p	+ 0.75			values ead					£/tonne		
Rubber (Jun) 🛡 Rubber (AL RSS No 1 May)	68.25p	+0.25 +2	This :	was not for	recast by m	iosi ot	Serve	rs .	Wheel	Close	Previous	High/Low
		T 2			o due lo a :				May	121.50	122.60	122.30 121,50
Coconut oil Philippings §	5542 50v				m Japanese				Jun	122.25	123.35	123.00 122.25
Palm Oil (Malaysian)§	\$382 50				ablished so				Sep	104.90	105.40	105.30 104.90
Copra (Chilippinos)§ Sovaboans (US)	\$350				sing and c			me	Nov	107.20	107.65	107.55 107.20
Soyaboans (US) Cotton "A" Indok	\$ 198z				ary good. E				Jan	110.25	110.70	110.30 110.25
Johan A. Indok Nocitops (64s Super)	73 60c	+0.70			nue more d			Sted.				
	450p				rse placed i i interest ra			1	Bartey	Close	Previous	High/Low
e tonne uniosa otherwise	Stated. p-por	nce/kg.	effect	of a long	parlod of	relativ	oly dea		May	111.00	111.30	111.30 110.95
e-cents/lb. i-ranggil/kg. v-Ap	r/May, u-Mer	. q-Apr.			is short-tim				Seo	101.76	101.90	101.70
-May/Sop. w-May/Jun. z-N	lay Meal C	ommis-			deliveries			g out	Nov	104 70	104.90	104.70 104.60
sien average latstock brief	S. " change	from a			to several r			1	Jan	107.70	107.85	107.70
week ago. ♥London physic	Markot &c	'IE Bot			r with 643 a			at	Mar	110 75	111.00	110.75
	close, m-Ma		0.00-		d 58s avera		440					

TATO	OES Erton	пе		LONDON	BULL	ON MARK	E T
	Class	Previous	High/Low	Gold (fine	02) \$;	rice	Ineigviupe 2
Aley Nov Seb Apr	144.0 92.0 104.0 136.1 sr 417 (87	142.0 92.0 104.0 138.0 (4) lots of 4	144,5 137.0 89.0 136.0 133.5 0 tonnes.	Close Opening Marning ft Alternoon Day's high Day's low	384 x 384 ft= 387	7-387 l ₂ 1-384 l ₂ 1.15 7-25 3-388 l ₂ 1-384 l ₄	228 1 ₇ -229 227 -227 1 ₂ 227, 146 228, 685
SAYO	EAN MEA	L E/tonne		Colns	• .	rice -	C ambulant
	Close	Previous	High/Low	Mapigiser		3-403	£ equivalent 235-238
		162.00 150.00 149.30 150.00 185) tota of 2		Britannia US Eagle Angel Krugernan New Sov. Old Sov. Noble Plat	396 396 1 387 90-		235-238 235-238 235-238 228 ½-230 ½ 53-53 ½ 53-53 ½ 310.40-315.60
TEI QUE	Close	Provious	High/Low	Silver Its	p/f	ine oz	US cts equiv
Apr Any ut Def	1642 1639 1396 1488 1535	1542 1632 1390 1483 1530	1655 1640 1651 1638 1405 1395 1500 1488 1535	Spot 3 months 8 months 12 months	355 386	1.20 1.55 1.85 1.86	502.00 597.00 612.05 546.55
ypr XFI	1583 1622	1573 1621	1583	CRUDE ON	S/bar	TBÍ	
UTTION	r 626 (23	(8)		-	Clos		us High/Low
RAINS	£/tonne			_ Jun Jul	18.31 17.62	17.72	18.40 18.18 17.85 17.44
Thest	Close	Previous	High/Low	- Aug IPE Index	17.10		17.10
iay un eo	121,50 122,25 104,90	122,60 123,35 105,40	122.30 121.50 123.00 122.25 195.30 104.90	Turnover.			
Ov	107.20	107.65	107.55 107.20	GAS OIL S	BILLIAGE		
an	110.25	110.70	110.30 110.25	C	iosa	Previous	High/Lew
arlay	Close	Previous	High/Low		53.50	154.75 150.00	153.7S 151.00 149.00 147.25
lay ep lov an	111.00 101.70 104 70 107.70	111.30 101.90 104.90 107.85	111.30 110.95 101.70 104.70 104.50	Jul 14 Aug 14 Sep 18	47.75 47.00 51.00	149.50 150.00 149.75	148.00 145.75 148.00 147.00 151.00
lar	110 75	111.00	107.70 110.75 Barley 66 (19)	Nov 1	54.00 53.00 55.00	154.50 156.75 156.50	154.00 152.00 153.00 149.00 155.00

		Coffee tra		
The :	livestoc	k markets	featured	
		short cov		
		bellies e		
		prices fo		
ash	merket	pul press	sure on th	e
		grains at		
VOE	est adva	complex nce. The	posung u May sout	eane
cse	7 cents.	Commis	sion hous	10
		ened the		
ean nun	ng ou m	nued to ra	nile gaso	ine .
-		ork	y.	
OLD		oz.; S/troy o	×z.	
_	Close	Previous	High/Low	
\pr	388.2	385.8	369.6	355.0
day	389.3	387.0	0	0
WO	392.1 397.2	389.9 365.0	393.5 398.7	398.8
)ct les	402.9	400.7 405.4	402.9	399.3
TD	414.2	412.0	410.5 414.7	405.0 414.3
Pr UN	425.7	417.7	0	0
_				0
S)	Close	roy oz: \$/tre		
_		Previous	High/Low	
or lay	531.8 531.8	528.5 525.5	533.0 630.0	526.0 530.0
ol .	533.3	530.0	535.0	529.5
en	535.3 537.3	531.5 533.5	536.0 539.0	531.5 537.0
φг	539.8	636.0	538.0	638.0
#LVE		dy dz. denk		
	Close	Previous	High/Low	
pr lay	586.8 589.5	583.4 568.9	0 594.0	0 854.5
70	564.6	581,7	0	0
ep ul	600.5 611.7	597.3 608.3	605.0 015.0	505.0
ec eb	627.7	624.1	832.0	606.5 623.0
in	632.9	629.3	0	0
er lay	643.9 654.5	639.9 650.6	648.0 ·	640.0 654.0
H	665.5	651.5	665.0	665.0
HD	CES			
_		se: Septem	ber 16 1931	= 100)
	Apr 1		mnth ago	
	2017.0		2001.2	1731.6
	2017.0			
DO	SOME !	Bees Do-		
DOV	137.85		137.84	190.63

		-				- 5	-		
COPT	ER 25,000 Close	Previous	High/Lor		CI	nicaç	30 J		
Apr	- 142.70	141:00	142.90	141.80	\$0Y/	NOEANS S	ooo bu pin	cents/60lb	bushel
May	142.20	140.00	143.30	140.60		Close	Previu	High/Lo	W
lun luf.	136.40	138.10	. 135,50 .	-132,50 .	May	727/4	720/4	730/0	724/0
ер	126.20	126.40	126.60	126.60	Aug	738/4	732/2	741/0 741/0	735/2
200	121.70	120.60	121.75 :	120.70 .	Sen	725/6	721/0	729/0	723/4
HUU		ht) 42,000 l			Nov Jan	721/4 731/0	717/6	725/0	719/4 730/0
	Latest	Previous	High/Los		- Mer Mey	740/0	736/4	742/4	738/0
lay . un	19.70	20.63 19.74	20.51 19.84	20.38 19.62		746/Q	744/0	747/0	744/0
uľ 🗼	19.09	19.06	19.19	16.89 -	5017		L 60,000 lbs		
ep ep	18.55	18.54 18.14	18.63 18.25 ·	18.35 17.96 .	May	22.43	Previou		
lov	17.90 17.65	17.83 17.58	17.90 17.86	17.70 17.50	Jul .	23.03	22.27 · 22.86	23,10	22.26 22.88
)ec	17.33	17.37	17.34	17.30	Aug .	23.34	23.16	23.40	23.20
e b	17,00	17.02	17.06	17,00	Oct	23.80	23.42 23.62	3.65	23.45 23.65
AT		2,000 US ga	dis, cents/	US galls	Dec	24.21 24.41	24.02	4.27	24.05
·-	Latest	Previous	High/Lov	·	Mar	24.82	24.15 24.65	2.50 2.86	24.85 24.65
CI LIN	5085 4995	5121 5027	5110 5015	5015 - 4925	AYOR	DEAN ME	AL 100 ton		
vg	5010	5052	5035	4900	1	Close	Previou		<u>~</u>
ep et	5060 5130	5102 6157	5000 5133	5025 5100	. May	224.4	222.1	225.0	223.3
lov	5100 5200	5212 5267	5180	5150	Jul .	223.2	221.1 210.5	223.0	222.3 220.8
en En	5220	5292	5210 5220	5200 5220	Sep	219,4	. 218.0	2200	218.0
:0C0	A 10 tone	ee;\$/tonnes			Oct	217,2 215.7	215,8 - 214,6	2175	216.0 215.0
	Close	Previous	High/Lov	 	Jani	215.4	214.5	216.0	215.4
lay	1272	1328	1290	1262	· · Mar	215.4	214.5	215.5	215.4
ul ep	1226	1279	1243	1220	MAE			/56tb bushel	
ec	1245	1271 -	1235 1250	1221 1240	·	Close	Previous	High/Lov	<u> </u>
lay	1250 1250	1250 . 1260	1255	1240 1240	Jul	267/8	265/4 268/6	268/0	290/2 287/2
ul	1226	1279	1243	1220	Sep Dec	263/2	260/0	263/6	261/4
	E *C* 97	,500fbs; cer	- India		Mar	269/2	258/6 256/0	263/2 269/6	259/6
70112	Close				Jul Jul	270/6	267/4 269/0	271/6	. 270/0
4sy	132.80	Previous	High/Lov	<u> </u>	WHEA			273/0	270/0
luf 💮	127.01	132,81 127,14	193.75 127.50	131.70 126.00	-	Close	Previous	/60lb-bushe	
ep Oec	122.25 118.50	122,37 112,75	122.75	121.25	May	103/0		High/Lov	
Anz	117,18	118.00	119.45 117.50	118.00 116.60	Jui	95/6	401/0 389/0	100/4 395/6	401/4 391/4
4zy kul	118.25 118.55	117,50 112,00	0	0	Sep Dec	444	396/4	403/6	399/4
ep	117.00	120,13	120.00	120.00	Mar	4300	409/6 415/0	418/4	410/4
					May	41VQ	411/4	416/0	418/0
UGA		117 112.0			TIME (.000 lbs; ca	nts/lbs	
	Close	Previous	High/Lov			Clde	Previous	High/Los	
Alary Lui	12.01	11.94 11.86	12.42	11.85	Apr Jun	76.4	77.32	77.42	75.40
Ct	11.79	11.75	12.05	11.80 - 11.70	Aug	70.81 67.47	71.15 67 65	68.12	70.80° 67.40
an Aar	11.10 11,42	11,11 11,45 -	11.68	11.40	Sep	68.10	66.35	68.70	66 10
lay	11.43	11.36	11.65	11.43	Dec	70.00	68.50 69.67	70.25	88.50 88,70
ul	11.48	11.38	0 .	0	Feb	70.60	70.20	70.70	70.10
отто	ON 50,000	; centulibs			Apr	71.70	71.10	71.70	71.00
	Close	Previous	High/Lov		TIAE !		D: cents	lbs.	
Agy	64.20	64.48	64.30	63.75		Cicse	Previous	High/Low	
lųl 🗀	65.20	65.46	65.75	64.96	Apr Jun	39.95 45.85	39.82	40.17	39.75
ict Jec	65.10 64.35	65.21 64.82	65.55 64.94	64.95	Jul	45.60	5.57 5.22	48.45	45.70 46.25
Apr	65.10	66.33	0	64.30 0	Aug. Çet	45.22	3.02	45.57	45.10
					Dec	41.72 43.55	440	42.00 43.90	41.85 43.35
HAN	SE INICE	15.000 Res;	cents/lbs		Feb	44.65	440	44.67	44,45
	Ciose	Previous	High/Lov	7	Apr	43.70	435	. 43.70	43.55
lay	168.90	170.00	170.70	167.93	-CHIK		40,00 be; c		. <u>: • </u>
ul ep	171.60	172.60	173.25	170.90		Close	Prelous	Migh/Low	·
lav	158.05	168.70 158.50	169.30 158.75	167.00 158.00	May Jul	33.50 53.55	33.24 33.45	33.87	32.96
an Tor	185.25	154.00	155,00	155.00	Aug	33.10.	32.82	34.15 33.60	33.50 33.00
ier iey	154.60 154.60	153.35 153.35	0	0	Feb	46.95	47.15	47.52	46.77
uľ	154.50	153.35	0	Q	Mar May	46.55 47.85	46.52 \ 47.55 \	47,10 0 .	46.55 0
ер	154.60	153.35	0	Q	Jui	47.50		7 9 .	47,50



LONDON STOCK EXCHANGE

Equity rally fails to stay the course

CONFIRMATION that Beecham and Smithklina Beckman of the US have agreed to a merger which would create a new £9hn international pharmaceuticals group provided the feature of an eventually unsuccessful an eventually unsuccessful rally in the London equity market yesterday. A market which had opened higher in the wake of New York was driven further ahead as an early surge in Beecham set alight the whole drugs sector. The broad range of the market followed suit at first but the axcitement song died the excitement soon died

down, leaving equities prey to renewed worries over the out-look for interest rates, now

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*Plent Dealings: Apr 3 Apr 17 May 4 May 4 May 18 May 15 Apr 24 May 15 May 30 . exacerbated by nervousness over the implications for ster-ling of the threatened dock strike.

The initial recovery from the cent period of uncertainty in equities brought en early gain of nearly 15 FT-SE points, but this was soon whittled away when it became clear that buyprices ahead. At the close, the FT-SE Index was a mere 1.7 points up at 2,033.0, and market traders continued to look apprehensively in the direction of the FT-SE 2,000 mark threatened earlier in the week. Turn-over, at 4842m shares through the Seaq system, was little dif-ferent from Tuesday.

While yesterday was free from significant economic data, the UK markets are cau-tious ahead of a batch of statis-tics due before the end of the week on both sides of the Atlantic. Today brings the latest figures on UK wage trends, a pointer of major significance for inflation concerns.

However, the crucial test comes on Friday with the announcement of the UK Retail price Index for March; any sign that domestic inflation has exceeded the 8 per cent peak predicted by Mr Nigel Lawson, the Chancellor of the Exchequer is likely to upset the stock market. Friday also brings the latest US trade figures.

figures.
The Beecham/SmithKline announcement was regarded by many as the opening shot in what could well prove a clash among international pharma-centical companies. London analysts suggested that the agreed terms might not satisfy international arbitrageurs and

could sound the alarm for a general battle for control of both parties to the proposed merger. Some pointed to Hoff-man-La Roche, the Swiss group thwarted last year in a US bid as a likely player in any inter-

national merger game.
Outside the pharmaceuticals sector, interest was moderate and owed much to technical considerations surrounding the expiration of current option series contracts. The market drew little benefit from favourable trading statements from a batch of leading companies. including Tesco, the food supermarket group, and RMC, a major force in the UK con-struction industry.

FINANCIAL TIMES STOCK INDICES High 85 92 85.92 (12/4) 85.06 97.16 97.24 Gold Mines Ord. Di. Yield
Earning Yid %(fuil)
P/E Ratio(Net)(\$)
SEAQ Bargeina(5pm)
Equity Turnover(£m)†
Equity Bargainet
Shares Traded (mi)† 4.61 11.21 10.78 24,973 991.02 28,193 412.6 4.56 11.05 10.92 25,295 1494,28 30,096 570.6 4,59 11,15 10,83 24,053 . S.E. ACTIVITY 96.2 Gift Edged Bargains 173.7 2003.1 Gilt Edged Bargains Equity Bargains Equity Value Opening 0.10 am. 0.11 am. 0.12 p.m. 1683.6 1684.8 1680.9 1676.7 221.6 DAY'S HIGH 1687.4 DAY'S LOW 1673.7 Basis 100 Govt. Secs 15/10/25, Fixed Int. 1928, Ordinary 17735, Gold Mines 12/9/55, SE Activity 1974, ±Nii 10.73 (Excluding Intra-market business. * Corrected figure.

TRADING VOLUME IN MAJOR STOCKS

Beecham advances on deal

Admiration rippled through the market on hearing of the Bescham-Smithkline Beckman merger plan. "One of the clev-erest deals I've ever seen," said one marketmaker: "I can't believe SKB would go for \$82," said another. Beecham shares rose more than 40 shead during early busy trading. Profit-taking then pricked the ballon end the shares subsided to 615p, a rise of 14 on the day.

Turnover was 16m.

Analysts were united in the view that Beecham sharehold ers were getting a good deal. Both Dr Arnab Banerji of Nomura Securities and Ms Jo Walton of Shearson Lehman Hutton said if the merger went ahead smoothly it valued Beecham shares at up to 730p.

Roth analysts were concerned that the deal might not go through. Ms Walton said that half the SKB shares were held by US arbitrageurs-looking for \$75 and Dr Banerii was concerned that the merger terms might not have valued SKB highly enough in the light of the proposed divestment of

Marketmakers felt the deal would go ahead, but this was not reflected in the price. SKB eased slightly to around the effective offer level, suggesting that the deal was on, but Beemight fail, "And no one's brave enough to do the arbitrage,"

company at 319p a share. BZW was thought by marketmakers and analysts to have been buying the stock on behalf of Cap Gemini Sogeti (CGS), the French software house which already has a 20.1 per cent

stake in the UK group. Sema closed up 31 at 32 in. Dealers thought that the BZW raid failed to net the 4.5 per cent aimed for, and most were bemused by CGS's moves to increase its stake in Sema, "Some 60 per cent of Sema's shares are in tight hands and I'm at a loss to see how CGS could make a bid unless they offered something out of the ordinary to prise the stock from the firm holders," said

Paribas, the French bank has a 39 per cent stake in Sema, held since 1964, and is viewed

as fully supportive of the com-pany while Paribas associates CIN and Credit Agricole have some 11 per cent between them. Other stakes include Dutch software house Volmac with 52 per cent and Scottish Amicable with 3.3 per cent. Shares in public hands before yesterday's buying amounted to around 19.2 per cent.

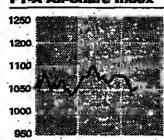
"I'm puzzled by today's events as are most other analysts I've talked to about Sema," said one top sector researcher. "Perhaps they are playing it for the very long term, or maybe they are winding up for a big premium offer the other holders can't refuse. But even by paying a 10 per cent premium yesterday for only 4 per cent or so they falled to get the stock." he

April option expiry A spurt of buying of Consoli-dated Gold Fields' shares appeared to reflect the expiration of the current share option series, rather than any sudden shift of sentiment towards Minorco's final offer of around £3.5bn for the Gold Fields equity. Market strategists put little faith in rumours that the

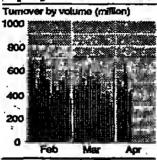
little faith in rumours that the legal injunctions against Minorco in the US had been withdrawn, either by Newmont Mining, 48 pc owned by Gold Fields, or by the US judge; Gold Fields quickly denied any intervention and analysts remembered that the US judge. remembered that the US judge is away from court until next Gold Fields shares flirted with £14 on the inter-dealer-broker screens before settling

back to 1345p, a net 12 up. Turnover jumped sharply as New York opened to bring a Sema Group, one of the UK's biggest independent software suppliers, was the subject of a market raid by securities house BZW which attempted to buy up to 4.5 per cent of the company at 310-Minorco's offer represents a fair price, and should be accepted, and some urge possible legal pressure on the Gold Fields board to abandon its

FT-A All-Share Index



Equity Shares Traded



Mecca disappoints

Analysts gnashed their teeth when Mecca Leisure posted apre-tax profit of £30.3m. Many felt that the company had given the impression last autumn that the figure would be around £34.5m and the price fell 11 to 189p on a busy 5.7m turnover. Analysts admitted that the interpretation of the figures was far from clear-cut because the results included 15 months of contribution from Mecca and two months from

Neverthaless, Ms Julie Feaver, leisure analyst at County NatWest WoodMac, cut her profit forecast for the current year from £110m to £98m. maintained her short-term sell recommendation and recommended caution a year out. Mr Buy Owens, her counterpart at Kitcat and Altken, also cut his forecast, from £110m to £102m, but pointed out that the company was holding presentations for institutional investors late yesterday and today which might focus sentiment more

The proposed merger of Bee-cham and Smithkline Beckman focused attention on pharma-

NEW HIGHS AND LOWS FOR 1989

NEW 198816 (123).
AMERICANS (17) CAMADEANS (46 Abbot Energy, Inland Gas, Madeliane Mirros, Trace, Cas, Pipe, Rahlette (18) 21-lightend Dista, Miccomid Navin A, BUELDINGS (18) Inl. Assoc, Newfor Group, CHEMICALS (18) Inl. Assoc, Newforder, BAST (18) Inl. Ass

INVESTIGATION OF THE PROPERTY OF THE PROPERTY

centicals. "The deal will link the valuations of US and UK pharmacentical stocks. Many dropped 5 to 98p after the menswear retailer disappointed the market with final pre-tax will say that Giaxo is under-valued compared to its US profits of 22.5m, down from

counterparts," said one ana lyst. Glaxo duly jumped 27 to 1372p, while Reckitt and Col-

after two days of strong rises.

Confirmation of the Morgan Stanley downgrading of TSB

News that BZW has down-

an early minor decline was

turned into a steep loss later in the day when the final quota-

tion was 172%p, a net fall of

5%; turnover came out at a

cut his forecast of pre-tax prof-

its for the year from £395m to £380m with the net profit fig-

A whisper that Abbey National may well be consider-

ing buying a life assurance

which moved up 2 to 269p after

up triggered bid speculation London & Manchester

Among mixed retail stocks

arks & Spencer weakened 1%

to 158p on turnover of 3.3m

shares as concern spread about

current trading conditions.

One broking house has already

lowered its profits forecast for

the coming year, UBS Phillips & Drew has revised its esti-

from £575m to £550m.

the for earnings in the year end March 1990 downwards

Next held steady at 145p but

were again heavily traded; 6.2m shares changing hands

during the session. Although

press reaction to Tuesday's dis-appointing figures was his less than complimentary, there are

those in the market who believe the stock is worth a

"buy" on recovery grounds. Leading the bulls in Next is Citicorp Scrimgeour Vickers. "Now is the time to increase

holdings while a faw doubters still remain," advised Citi-

Retains fell 3 to 206p as recent speculation that the group might buy Houston-based US jewellery chain Gordons proved unfounded. Rat-

ners is due to release full-year figures next Monday and bro-ker Houre Govett is forecasting

£30m. There is a feeling, how-

ever, that earnings could come in nearer £85m. Aquascutum "A" shares

corp's retail team.

ure cut from £260m to £235

er-than-usual 5.3m.

£2.9m last year. The BZW raid on Sema focused attention on the other software houses and especially man (up 17 at 1079p) and Boots (5 better at 264p) were dragged upwards in the excitement. on Logica, one of the largest of the UK independents and where there are no big share stakes. Logica shares jumped

ICI firmed just a penny to 1166p smid some talk that it might try to buy parts of Bee-cham and SKB due to be sold off. Wellcome lost 6 to 492p Supermarket group Tesco pleased the market with a 23 per cent rise in profits to \$276m. The shares improved 5 to 158p on turnover of 7m.
"The figures obviously benekept the latter's shares under pressure and they settled a fur-ther 2 off at 109%p on turnover fited from the spate of store openings in the past year," said Mr Philip Dorgan, foods analyst with US broker Goldgraded it 1969 profits forecast for Prudential cast a shadow over the latter's shares where

Gateway slipped 61/2 to 173p bny-out failed to materialise. Turnover was again impressive; 11m shares went through the system during the day. A B Ports put on 12 at 570p as fears of a damaging dock strike eased.

Mr Alan Curtis at BZW has Some in the market were surprised that the 62 per cent rise in full year profits at Can-non Street Investments was eted by a fall of 16 to 269p in the share price.
Avis Europe's 33 per cent

profits jump was well ahead of forecasts and the price firmed 7 to 371p. Mr Chris Avery, analyst at Citicorp Scrimgeour ickers, is changing his reco-A busy building sector showed Bine Circle Industries well supported and 5 up at mendation on the stock from a hold to a buy.

The two combatants in the tusale for control of Addison Consultancy were both believed to be buying heavily yesterday. Turnover bounded to 6.3m shares and dealers

were convinced that MAI, the financial services and advertising group currently in talks another 5 per cent of Addison's

French group Motivaction was also thought to be increas-ing its stake, last reported as 18 per cent. Addison reported dismal annual results yester-day but traders were not interested and the shares rose to the best this year of 43%p. Speculation that Mountleigh

might bid for Control Securities returned to haunt the property sector. Mountleigh edged 3% higher to 160p while Control added 3 at 68p. Helical Bar jumped 14 to 320p on hopes that Japanese group Fulitsu's decision to build a microchip plant in County Durham will lead to further development in

the surrounding area; Helical Bar has industrial property interests in the region. A handful of the oil stocks outperformed the rest of the equity market, despite the

weaker trend in crude oil Enterprise moved up 6 more to 521p after the positive note issued by broking house BZW. A "buy" recommendation from Steve Turner at Smith New

Court triggered another strong showing by Ultramar whose shares moved up 3 to 293p on 3.7m; the Smith analyst has upped his forecast for 1989 from £80m to £90m and is going for a net dividend of 9.5p. We like Ultramar, partly on currency views and partly on the very good fundamentals for the stock. We're very bullish of the downstream businesses in

North America and see earnings expanding at such a rate that we don't think the shares contain any bid premium," Mr Turner concluded.

Polly Peck traded briskly bnt within a narrow price range after producing 16-month profits which, at £144 lm, slightly bettered market expectations.

Business in traded options was again at a relatively high level, reaching 56,236 contracts, made up of 40,783 calls and 15,453 puts, as the approaching three-week account, to cover the May Day holiday, brought the April expiry date in individual stocks to an unusually date in the month. Other market statistics, including FT-Actuaries Share Index and London

Traded Options, Page 27

constitute an invitation to any person to subscribe for or purchase shares. Application has been made to the Council of The ge for the whole of the ordinary share capital of Try Group PLC, issued and to be issued, to be admitted to the Official List. Dealings are expected to commence on Tuesday, 18th April, 1989.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not



TRY GROUP PLC

(Incorporated in England under the Companies Act 1985 - No. 1989257)

PLACING

LAZARD BROTHERS & CO., LIMITED

of 9,709,268 Ordinary Shares of 10p each at 125p per share

SHARE CAPITAL FOLLOWING THE PLACING

Authorised

Issued and now being issued fully paid

Ordinary Shares of 10p each

£2,075,100

£3,000,000

Try Group PLC is a construction and property development group active in the industrial. commercial and residential sectors, mainly in the South East of England.

The Listing Particulars relating to the company are available in the statistical services of Extel Financial Limited and copies may be obtained during normal office hours up to and including 25th April, 1989 from:

> Sponsor Lazard Brothers & Co., Limited, 21 Moorfields. London EC2P 2HT

Broker to the Issue Rowe & Pitman Ltd., 1 Finsbury Avenue, London EC2M 2PA

Panmure Gordon & Co. Limited, 9 Moorfields Highwalk, London EC2Y 9DS

and at the registered office of the company, High Street, Cowley, Uxbridge, Middlesex UBS 2AL and up to and including 14th April, 1989 from the Company Announcements Office, The Stock Exchange, 46-50 Finsbury Square, London EC2A 1DD.

12th April, 1989

APPOINTMENTS

Lloyds Bank support and Group changes development manager

Mr John Hutchinson, assistant general manager (personal banking), has been appointed to the new post of general manager, support and development, UK retail banking, at LLOYDS BANK. He is succeeded by Mr Gordon Pell, pre-

Mr Mike Waddell has been appointed managing director of P.C. Henderson, part of the home products division of HEPWORTH. He succeeds Mr

Angus Clark who has been approinted divisional

senior manager of

managing director of G.R. Stein, refractories division of the group. Mr Waddell was divisional managing director of Rentokil's timber preserving

Mr Jeffrey Pearson and Mr Terence Higgins have been appointed directors of H.T. HUGHES, Portsmouth, and Mr Robert Gregory has been made a director of subsidiaries J. McKinney & Son and H.T. Hughes & Son (Transport).

CORPORATION has appointed Mr Michael J. Parris as head of marketing and busin development, supported by four senior managers, Mr Brian Pitt, Mr John Mawdstey, Ms Fiona Underwood, and Mr Colin McLaren, and three managers, Mr Roger Brown,

viously chief manager, West Hertfordshire. Mr Alistair Strang, divisional manager (support services), becomes chief manager, support and development, and will deputise for Mr Hutchinson.

Ms Jane Hockenhull, and Mr-Clive Wilson. Ms Deborah Hall has been appointed marketing manager, and Mr Richard Anderson joins as underwriting. -

Mr Warren Edwardes has been promoted from an assistant director to director -financial engineering, in the capital markets division of CHARTERHOUSE BANK. Mr Robert Dix has been promoted from an assistant director to director - financial control.

■ MEDMINSTER has appointed Mr Archie Hindley-to the loard from whelly-owned subsidiary Gimberts. Mr Colin Leaby has been appointed director and chief executive of Cube Shipping, another subsidiary, succeeding Mr Garry Hardisty, who has resigned.

at RTZ Pillar Within the RTZ PILLAR

GROUP, RTZ's primary industrial business, Mr Roger F. Leverton, chief executive of Pillar Electrical (formerly MK Electric group), has been appointed president and chief executive officer of Indal, Toronto, from June 1. Mr John W. Ray succeeds him as chief executive of Pillar Electrical from May 1. Mr Ray is managing director of Catnic, part of Pillar Building Products part of Pillar Building Products
Group. He will be succeeded
by Mr Peter Morgan, currently
financial director and deputy
managing director. Mr Frank
Phillip has been appointed
marketing director of Peak
Technologies, and Digital
Audio, both Pillar Electrical
companies. He was business
development manager of development manager of

Mr Patrick Crosthwaite has been appointed managing director and Mr Martin Riley investment director of HENDERSON CROSTHWAITE. Mr Nicholas de Coorcy-Ireland, Mr Heriot Perry and Mr Michael Shafran have been appointed directors. Mr Kelth Millar remains chairman, and has also been appointed a director of Guinness Flight Global Asset Management. Both companies are subsidiaries of Guinness

Subsidiary **ANZ** posts

Mr John P. Ries has been appointed managing director of ANZ McCAUGHAN (UK), London, in addition to his responsibilities as managing director, Grindlays Bank, and director, Europe, South Asia, Middle East and Africa, of Australia and New Zealand Banking Group. ANZ McCaughan (UK) is the holding company for two principal operating subsidiaries, ANZ McCanghan Merchant Bank, and ANZ McCanghan (Securities).

Mr John Curry, director-corporate finance, has been appointed managing director of ANZ McCaughan Marchant Bank. In ANZ McCaughan Securities (UK) a clearer distinction between dealing and agency broking has been made with Mr Bryan Cavill becoming joint managing director responsible for dealing and administration, and Mr Russell Middleton as joint managing director responsible for agency broking

Mr Bill Clarks remains chairman of the holding company and ANZ McCaughan Merchant Bank, and Mr Andrew Hugh Smith becomes chairman of ANZ McCaughan (Securities) UK.

Mr Bev Walters, managing director of the UK merchant banking activities, will be taking a new post.

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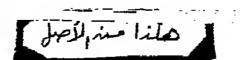
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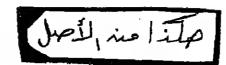
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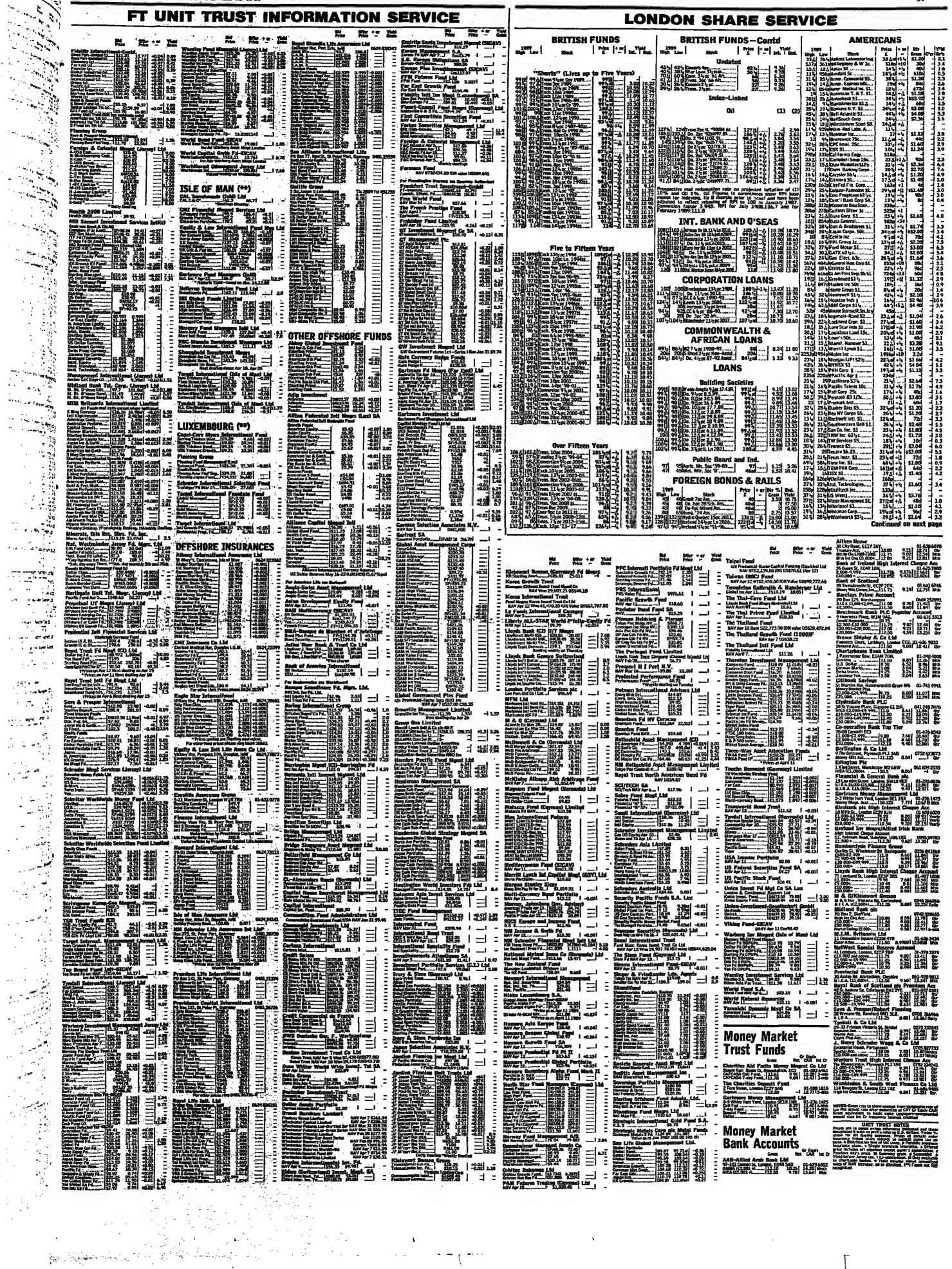
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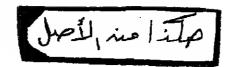
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CROSSWORD

No.6,908 Set by CINEPHILE

CURRENCIES, MONEY AND CAPITAL MARKETS

Starling was quiat and steady, closing unchanged at \$1.6900 and at DM3.1875. The

pound eased to FFr10.7600 from FFr10.7625, but rose to Y224.75

from Y224.25 and to SFr2.8175

from SFr2.8150. On Bank of England fignres sterling's index fell 0.2 to 95.5.

Both the Bank of Italy and

the Bank of Spain were

raported to be buyers of D.Marks, as the lira and peseta rose. The Bank of Spain was

seen on the open market, buy-

ing D-Marks at around Pta62.0. This was the fourth time in eight days the Bank of Spain

intervened to stem the peseta's advance. At the Madrid fixing

the Spanish central bank also bought \$150.65m at a rate of

In Milan the Bank of Italy

bought DM150m as the D-Mark weakaned to L732.65 from L732.90 at the fixing. On Tues-day the D-Mark fell below

L733.00 for the first time since

February 21.

+2.65 +3.09 +1.15 +1.80 +1.30 +1.52 +2.81

0.38-0.35cpm 0.14-0.02cm 2-14-cpm 30-7ccpm 4-34-orem 0.48-0.45cpm 14-15-54cds 25-12cpm 14-14-orem 14-14-54ccpm 14-14-cpm 14-14-cpm 14-14-cpm 14-14-cpm

EMS EUROPEAN CURRENCY UNIT RATES

POUND SPOT- FORWARD AGAINST THE POUND

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

Long term Eurodolfars: two years 10 ij-10 j, per cent; three years 10 ij-10 j, per cent; floor years 10 j,-10 j, per cent; floor years 10 j-10 l, per cent nominal. Short term rates are call for US Bolians and Japanese Yen; others, two lays notice.

EXCHANGE CROSS RATES

3 375 47.86

5.348 16.13

224 8 10 76 133.0 6.367

208.9 10 79.77 3 818

62.48 2.991 96.27 4.608

70 51 1000.

111.7 337.0

Yen F.Fr. S.Fr. N.Fl. Ura CS 8.Fr.

1.129 16.01

1.541

3 598 2335 2 129 1382

2.619 3.344 2170 1.870 61.99 1 1.277 828.6 0.714 23.67

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0.559 18.54 0.862 28.57

2.818 1.667

0.884 12.54

0.783 1.207

1.401

43,5827 2,09499 2,08212 7,02854 2,34951 0,780093 1525,21

FOREIGN EXCHANGES

Rising inflationary worries

that Mr Gerhard Stoltenberg may be replaced as West Ger-

man Finance Minister in a

Cabinet reshuffle, combined

with the the Recruit scandal in Japan, to create a general air of nervousness.

At the close in London the

dollar was unchanged at DM1.8865 and FFr6.3675, bnt

rose to Y132.95 from Y132.75

and to SFr1.6665 from SFr1.6650

against a dapressed Swiss

franc. According to the Bank of England the dollar's index was

unchanged at 68.5.
The Swiss franc continued to

weaken as criticism mounted of the Swiss National Bank's monetary policy. The main area of complaint centred on the central bank's reliance on

medium term targets for

money supply growth, and sug-gestions that short term con-

siderations and the uncompeti-tive level of Swiss interest rates were being ignored. The D.Mark toncbed SFr0.8840, and

finished at SFr0.8835 against

Tranges are for Eco, therefore positive change Affectment calculated by Floancial Times.

1,6825 - 1,6450 1,4455 - 1,4475 1,1870 - 1,1905 1,1220 - 2,1285 39 35 - 39 50 7 32 - 7,334 1,8805 - 1,8875 1,8805 - 1,8875 1,8805 - 1,8875 1,8805 - 1,8875 1,8805 - 1,8875 1,8805 - 1,8875 1,8805 - 1,8875 1,8805 - 1,8875 1,8805 - 1,8875 1,8805 - 1,8875 1,8805 - 1,8875 1,8805 - 1,8875 1,8805 - 1,8875 1,8805 - 1,8805 1,8805 - 1,

SFr0.8825 previously.

main concern of the foreign exchanges, and trading was very subdued yesterday as the market waited for further guidance on the subject from US and UK statistics today and tomorrow.

Fear about rising inflationary pressure was fuelled by Monday's news on UK producer prices, and a rise in input prices about double the

expected level.
US producer prices for March will be published tomorrow, and the picture on UK infistion is likely to be thrown into sharper focus today, by figures on average earnings and tomorrow by the retail

prices index.
As dealers waited for these figures · which appear to have taken on greater importance than Friday's US trade figures for February - there was a gen-eral reluctance to take out

News that West German wholesale prices rose at an annual rate of 5.8 per cent in March, compared with 5.4 per cent in February, underscored the general mood.

Political uncertainty in West Germany and Japan helped underpin the dollar, but this was offset by fears of central bank intervention, after the US Federal Reserve sold dollars on Tuesday in New York. Reports

Apr. 12	Latest	Previous Clase
Soot. 1 month 3 months 12 months	1.6905 · 1.6915 0.37 · 0.36pm 1.18 · 1.16pm 3.59 · 3.49pm	1.6885-1.689 0.37-0.35p 1.21-1.18p 3.70-3.55p
Forward premie	ms and discounts ap	ply to the US dol

STERLING INDEX

	Apr.12	Previous
2.50 arr	95.4 4 4 4 5 4 4 5 95.5 95.5 4 4 5 95.5 95.5 95.5 95.5	9578888888888995587

CURRENCY RATES

Apr 12	Bank rate	Special* Drawing Rights	European Currenty Uelt		
Sterling U S Ooltar Canadian S Auguran Sch Belghan Franc Danish Krone Deutsche Mahr Neth Gulder French Franc Lahan Liva Lapames Yen Norway Kroae Norway Kroae Swetish Krona Swetish Kron	"	0 762893 1,24585 1,54128 17 1726 51,0856 9,48303 2,44009 2,75239 8,23707 1788 18 172,089 8,34806 151,407 8,2473 2,15176 207,168	0 652961 1.10399 1.31264 1.4 6510 43 5827 8 09499 2.08212 2.34967 7 02854 1525 21 146,687 7.54576 129,189 7.07491 1.83814 176,793 0.780093		

CURRENCY MOVEMENTS

Apr.12	Bank of England Index	Morgan ^{es} Guaranty Dianges %			
Sterling U.S.Dollar Lorodlan Dollar Austrian Schilling Belgan Franc Danish Krone Deutsche Alark Seres Franc Guilder French Franc Lira	95.5 68.5 102.9 105.6 105.8 103.0 122.6 104.3 109.9 99.6 146.8	-15.9 -9.6 -0.2 +9.9 -1.8 +20.7 +13.5 +12.5 -15.0 -20.1 +79.1			

Apr 12		\$
Argentina	95 6405 - 85 8350	50 6000 - 50,7000
خالا تلانه	2.0940 - 2.0965	1.2370 - 1.2380
Bratal	1 6340 - 1 6930	0 9950 - 1 0000
Finland	7 1370 - 7 1500	4.2170 · 4.2190
Greece	268 60 - 273 10	158 90 · 161 45
Hong Kana	13 1675 - 13.1805	7 7800 - 7.7820
lian	120 604	70 30"
Korea-Stati	11122 25 - 1131 25	664 80 - 670 20
Alleran.	11 44260 - 0 49380	0 29110 - 0 29160
Linemager	66 65 66 75	39 40 - 39 50
Maiaria	46335-46495	2 7420 - 2 7440
Mentice	4077 :5 - 40R3 60	2409 00 - 2415 00
N Sealand	2 7730 - 2 7770	1 6350 - 1 6405
Same Ar	6 3125 6 3550	3 7515 - 3 7525
Supple we	3175 - 3 3175	1 9575 - 1.9595
Africal	0 4.3330	2 5540 - 2 5570
5 At LFne	A 4665 - 6 8005	3 9370 - 4 0160

Taiwan 45 40 46 05 27 10 - 27 20 4 4 E 6 2155 - 6 2210 3 6725 - 3 6735

MONEY MARKETS

Period rates firmer

LONGER TERM interest rates continued to rise in London yesterday amid growing concern that inflation data dua tomorrow may increase pres-sure for a rise in base rates. One-year interbank money now stands at 13%-13% per cent, up from 134-13% per cent on Tuesday. From a flat yield curve at the beginning of the month, one-year money

UK clearing bank base leading rate 13 per cent from November 25

now stands three-quarters of a point above the one-month

Short-term funds remain in good supply bowever as inves-tors continue to hold back from investing in longer term instruments. Overnight money opened at 10%-10½ per cent and fell away to a low of 7 per cent before moving up to 10% per cent in early afternoon trading. Late balances were taken at nearer 10 per cent.

The Bank of England forecast a flat position. Factors affecting the market included bills maturing in official hands and a take up of Treasury bills, together with repayment of any late assistance draining £135m. There was also a rise in the note circulation of £80m. and banks brought forward balances £45m below target. These were offset by Exchequer transactions which added

tion by the Bank during the morning or afternoon.

0.530 7.518

0 840 2.534

0.278 0 470 0.428 0 724

1571 2963 0600 1131

0.886 1 365

1.584

Yen per 1.000 French Fr per 10: Laz per 1,000: Belgian Fr per 100.

Sbort-term interest rates in Frankfurt were little changed although the Bundesbank drained a net DM1.5bn of liquidity from the market through its latest sale and repurchase facility. However, the fresh allocation was larger than expected, and the reduc-tion in liquidity is not regarded as sufficient to exert upward pressure on rates. Successful applications totalled DM14bn compared with a maturing agreement of DM15.5bn.

The new agreement saw funds placed at between 5.85-6.20 per cent, little changed from the previous range of 5.85-6.40 per cent. Liquidity levels were also

boosted in Brussels when the Belgian central bank allocated BFr24.95bn on a 14-day sale and repurchase agreement. A maturing agreement drains BFr8bn from the market tomorrow. Despite the increase in liquidity levels, the rate on 14-day agreements was left

unchanged at 7% per cent. Early trading in New York saw US bond prices ease gently ahead of the \$7bn auction of seven-year Treasury notes. Investors were also unwinding long positions ahead of the release tomorrow of US March producer prices, the latter hav-ing risen by one per cent both in February and January.

FINANCIAL FUTURES

Weaker trend in short sterling

SHORT-STERLING prices lost ground yesterday in quite brisk trading with over 23,000 lots changing hands. The softer tone in the Liffe market has added to the bleak outlook for contract prices. On a day which lacked fresh incentives of any kind, the June contract came within just one tick of its all time low of 86.57, touched on February 28. On this basis,

some dealers argue, a rise in

average earnings in February -due for release today - or a poor inflation figure on Friday could well push futures prices into a free fall.

The June price yesterday finished at 86.61 against 86.62 at the opening and 86.69 on Tues-

Growing threats of at least some disruption in UK ports tended to push long gilt

futures weaker. Sentiment was also undermined by tha pound's weaker tone. The June price opened at 95-02 and fell to a close of 94-30, down from 95-03 previously.

US Treasury bond futures eased slightly ahead of the release tomorrow of key US data on producer prices and trade. The June price closed at 88-05 against 88-12 at the start and 88-15 on Tuesday.

LIFFE £/5 OFT)9KS 675.000 (comb per £1)

Jun 124 2.18 3.49 5.17 7.12 9.40 11.57 AD 0.06 0.06 1.08 3.73 10.74 CHICAGO LONDON (LIFFE)

Close High 91-27 92-05 Estimated Volume 72 (0) Previous day's open int., 141. (141)

Cose High Low Pres, 104.5e 104.5e 104.50 104.64 103.86 103.63 103.63 103.84

Est. Vol. (Inc. figs. not shown) 24890 (26061) Previous day's open int. 67267 (64013)

207.40 209.00 207.10 207.50 211.40 212.50 212.00 211.00 me: 2709 (4154) Est. Vol. (Inc. figs. not shown) 3873 (6359) Previous day's open lat. 51699 (50263)

68-05 Estimated Volume 13097 (9112) Previous day's open let. 35241 (34457)

POUND-S (FOREIGN EXCHANGE) 1,6900 1-min. 3-min. 6-min. 12-min. 1-6664 1-6781 1-6672 1-6535 Latest High 1.6826 1.6832 1.6716 1.6716 1.6654 1.6654 1.6814 1.6812 1.6719 1.6704 1.6648

FT LONDON INTERBANK FIXING

bid 101₂ offer 104

MONEY RATES NEW YORK (Lunchtime) One Mgath Apr.12 6.05-6.20 83₃-8½ 73₄-8½ 625-6.40 81,-84 6-61, 6-61, 6-61, 121,-121, 121,-121, 81,-81, 81,-81, 5,80-5,90 7|2-8 43-54 5,00-5,25 331-33 121-124 8,55 7/2-74 6.55-6.70 89-89 6.00 7.25

LONDON MONEY RATES						
Apr.12	Overnight.	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer Interbank Bid Stering CDs Local Authority Deps Local Authority Bonds Discount Mkt Deps Gempany Deposits Finance House Deposits 7 ressury 8 lits (Bay) Bank Bills (Bay) Bine Trade Bills (Bay) Dellar CDs SOR Linked Dep Offer SCD Linked Dep Offer ECU Linked Dep Offer		114	13333 - 145331 - 1353 - 1453 -	DOCAL STANDARD COLOR	1777 · 54 · 442	131, 131, 131, 130, 130, 1072, 83, 94,

Treasury Bills (sell); one-month 1213 per cent; three months 1213 per cent; Bank 81lls (sell); one-month 1213, per cent; three months 1213 per cent; Treasury Bills; Average tender rate of clascount 12 5707 pc. ECGO Fixed Rate Sterling Export Finance, Make up day March 31, 1989. Appred rates for period April 26,1989 to May 23, 1989. Scheme 1; 13,00 pc., Schemes 18,6 lls. 1437 pc. Reference rate for period March 1 to March 31, 1989. Scheme 1/847; 13,06 pc., Schemes 18,6 lls. 18, 1989. Local Authority and Finance Houses seven day? motice, others seven day? fined Finance Houses Base Rate 1312 from April 1, 1989; Bank Deposit Rates for soms at seven days notice of per cent. Certificates of 7as Deposit (Series 6); Deposit 50,0000 and over held under one month 9½ per cent, one-three months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; inter-twelve months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; three-six months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; six-nine months 11 per cent; six-nine months 11 per cen

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 $x(I_{2},...,I_{n})$ EUROPEAN OPTIONS EXCHANGE

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AMZ Banking Group
Associates Cap Corp Authority Bank

B & C Merchant Bank

Bank of Barota

Banco Bilbao Viscapa

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Provincial Bank PLC

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Smith & William Sec.

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1 Rest in relation to attitude (6).
4 Fibre as food for the healthy, in relation to no.50 (4-2-4) no.50 (42-4)
7 Heath's girl (5)
8 Nil gay (that's spelt wrong)
producing eggs (6)
9 Pole has to wait for clear

10 ... apple pudding and ... (9)
11 ... lime cocktail before you start with ... (5)

second or fourth part-ner (4) Jingle's academic move (5,5) 13 Jingle's academic move (5,5) 15 Cover-up is far from sweet about sex crime (7)
Mass without direction for

fifth partner (6) 19 Gas fire used by convict after flight (3.3) 21 Scots king at Oxford (7) 23 Student, getting agreement to list, is sorry (10) 25, 3 Killed barman for varied

ACROSS

fabric (4.4)
27 Set oneself up against a relation (5)

reismon (a)
Father, as my turn goes in,
holds the purse strings (9)
Devil worshipper took pew
by converted saint (8) 30 First partner seems to be wearing something (6)

1 Cricketer or critic of three kings (8) 2 Homely girl, the obvious third partner (5,4):

(night) (6) General footwear is capital

ment (9) Novice in tart is pressing (8) See beast has little weight to matter (7) 21 Second partner may be one

left by (6)

22 fourth, shrewd with new ending (6)

24 Lose bits of one to doctor not long ago (5)
26 Fish with last partner (4)

Solution to Puzzle No.6,907

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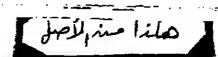
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2pm prices April 12 डेर्ड में हैं है। है है। । हैं। । है। है है है है में नहीं है है है है है है है। है है है। है है। । है। 음소마하나상· 하는 이 후 음악하는 다. 성학 등 등 등 이 생산에 등 개발품이 성당하나상마하다양기수 다. 本書 はなかなれ | 第一十十分 INDICES NEW YORK | | | | 라마 | | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 - | 1 2144.64 G/D 87.35 (23/3) 959.95 G/D 181.84 (24/2) + 日子田子の作用を一切する。第一般のは、「食物のでの門のののです」ののです。 2347.14 (772) 89.62 8872 1087.97 (72) 191.15 (24/1) 2722.42 (25/8/87) 87,92 1073.58 1067.43 1070.67 1066.30 19995 - 19995 - 1 342.48 342.30 339.89 27,97 331.40 330.59 330.08 14 Apr 11 Apr 10 issues Trailed Blues Faits Unchanged Apr 11 Apr 10 Apr 7 April 12 20 Her York _____ 146.830 123.990 156,990 SINGAPORE Straits Times Ind. 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FINANCEAL TIMES

Biddye's Barners New Apper

Technology sector attracts demand

Wall Street

BARGAIN-HUNTING in the technology sector helped equi-ties score modest gains yesterday morning in spite of a fall in bond prices, writes Janet Bush in New York.

There was still a considerable measure of caution in the market, however, as traders until today'e retail sales figproducer prices index (PPI), industrial production and capacity utilisation as well as tbe February merchandise

At 2 pm, the Dow Jones Industrial Average stood 8.80 higher at 2,320.38 on relatively active volume of 108m shares. Bond prices, however, fell as much as % point in quiet mid-session trading. There was con-cern about whether there would be much demand at yesterday's seven-year note auction with so many key economic releases due today and tomorrow. On the other hand, the modest back-up in yields was thought by some traders

to be likely to attract good Jap-anese huying and domestic

While the bond market appeared to he becoming rather pessimistic about Friday's key releases, the equity market seemed to believe that the figures were going to be relatively positive.
Forecasts for the trade defi-

cit suggested a widening in the shortfall in February to \$10.4bn from \$9.5bn in January, while the PPI is expected to have risen by between 0.5 per cent

While this would be a much smaller gain than the startling 1 per cent increases in each of January and February Which prompted an aggressive tight-ening by the US Federal Reserve, it would still not be particularly encouraging.

Technology issues were generally higher, as they had been on Tuesday. Dealers attributed the interest in this sector to the fact that some of the issues had looked particularly cheap after disappointing earnings

Compaq Computer added \$% to \$75%, Tandem was up \$% at \$16 and Unisys was up \$% to \$26%. Motorola, which in sales in the first quarter and earnings of 95 cents a share compared with 88 cents a year earlier, rose \$1/2 to \$441/4.

Phoenix Technologies slnmped \$2% to \$14% in over-the-counter trading after estimating that first quarter earnings would be lower than

The positive performance of technology issues was somewhat offeet by weaknese among banks, after disappointing earnings from J.P. Morgan, which fell \$1% to \$37%. The bank reported a 36 per cent drop in consolidated net income in the first quarter, reflecting higher world interest

Among other commercial banks, Citicorp declined \$% to \$28%, Bankers Trust slipped \$% to \$41, Chemical was unchanged at \$35% and Chase Manhattan lost \$% to \$35%.

SmithKline Beckman dropped \$1% to \$63% after news of its agreed merger with Beecham of Britain which appeared to preclude any improved bid by a third party. McDonnell Douglas jumped \$1% to \$92% and Boeing added

Survey shows US faith in Europe

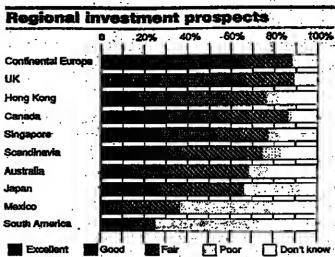
Japan, however, attracts less optimism. Alison Maitland reports

NVESTMENT managers in the US believe the UK and continental Europe are currently the most attractive overseas equity markets, according to a survey by Broadgate Consultants, a New York-based research and investor relations counselling firm.

About two-thirds of the 72 senior US investment officers interviewed by Broadgate thought prospects for British and continental equities (exclu-ding Scandinavia) were excellent or good, with 1992 and the removal of trade harriers being seen as a eignificant investment opportunity.

By contrast, only 28 per cent were as optimistic about Japan, while 64 per cent felt its prospects were fair or poor, cit-ing the weakening yen, rising interest rates and a market multiple of nearly 60 as matters for concern.

The fund managers' least favoured markets were Mexico and Sonth America, where and Solich America, where nearly half thought prospects were poor. Hong Kong, Singa-pore and Canada, on the other hand, all had good ratings. Some 75 per cent of those questioned said they expected



to increase the overseas por-tion of their equity portfolios over the next five years. "Fuel-ling this global interest is the widely held belief that the returns on non-US equities will exceed or match those earned from US equities," says Broadgate. "Over three-quarters of the respondents believed this

level of confidence about global investment for at least two years, according to the survey. No fund managers planned to allocate less money to overseas markets. The main reasons for invest-

This reveals the highest

ing abroad were said to be funportfolio diversification

short-term growth was the principal aim for only 1 per cent and currency speculation

for only 3 per cent.

With globalisation spreading, fund managers expressed concern about the quality of information on dividend payments from foreign sharehold. ings. Only 8 per cent described the information they received as very clear, while 86 per cent said it was either not clear or only "somewhat" clear.

Managers bolding foreign shares in custodian banks out-side the US complained that proxy material often did not arrive in time for them to vote at annual or extraordinary shareholders' meetings. The shareholders' meetings. The survey showed that the quality of management and of corporate information were the chief concerns when investing in oversess companies; currency risk took third place.

American Depositary Receipts — bundles of non-US shares quoted in dollar terms on US exchanges — were the preferred form of foreign

preferred form of foreign investment for 56 per cent of respondents, while 33 per cent ferred to invest directly on local stock exchanges.

Paris joins growing band of bourses at year highs

peaks were joined by Paris yes-terday in another generally good day in Europe, but there was some caution about tomorrow's batch of US economic figures, writes Our Markets Staff.

FRANKFURT marched on upwards in the most active session of a busy week, with trad-ers redoubling activity after the opening was delayed by an arson attack. The Molotov cocktail attack caused some damage and left a strong smell of smoke which annoyed par-ticipants but did not deter them from making the most of

the current raily. The FAZ rose 2.8 to 578.19, its third consecutive 1989 high. The DAX index also hit a year's high, gaining 12.31 to 1,381.66 compared with the pre-vious peak of 1,371.10 reached on January 5. Volume was an

extremely active DM5.62bn. Further signs of an easing in able allocation of sbort-term funds from the Bundesbank. People are beginning to pay attention to the strong ecotundamentals and pro vided Friday's figures (from the US) are decent, the FAZ could test 585 to 590," said one

analyst. The so-called Holy Trinity stocks all made strides. Siemens rose DM7.80 to DM541.30, Daimler sped through the DM700 level to end DM15 higher at DM707, and Deutsche Bank climbed DM6.20 to DM544. Elsewhere in the banking sector, Commerzbank crept up 50 pfg to DM247.50 after results which were seen as slightly disappointing in com-parison with those of Deutsche Bank. The dividend was held

at DM9 as expected.
PARIS also reached new highs, though in somewhat more cautious trading than in Frankfurt. The US trade deficit and producer price figures due tomorrow are weighing on the French market and causing traders to unwind positions.

The CAC General index, based on opening prices, broke through the year's high of 457.3, set on February 6, to reach 458.3 - a rise on the day of 1.7. This takes it within a whisker of its all-time high of

Figures in parentheses show number of stocks per grouping

Australia (89)

Austria (18)

Canada (127)

France (130)

Italy (98). Japan (455) Maiaysia (36) Mexico (13)...

New Zealand (24)

Norway (26) Singapore (26) South Africa (60) Spain (42)

Switzerland (57)

Europe (1008)

Hordic (125) Pacific Basin (679) Euro-Pacific (1687)

North America (689)
Europe Ex. UK (692).
Pacific Ex. Japan (224)
World Ex. US (1887).
World Ex. UK (2133)...

460.4, reached on March 26,

The OMF 50 index was up 1.73 at 473.76 and at 5 pm the CAC 40 was up 8.27 at 1,674.46. Volume was estimated at FFr1.75bn, lower than the FFr2.2bn seen on Tuesday which was swelled by a large trade in Galeries Lafayette. Electronics stock Thomson

CSF was helped by the prospect it will win an order for new ground-to-air missile systems from the Netherlands, rising FFr7.30 to FFr231.50 in heavy trading. Peugeot added FFr24 to FFr1,754 amid news of strong first quarter sales.

Pernod Ricard gained FFr43 to FFr1,323 on enthusiasm over its recent results and its brand names; the stock has lan-guished for some weeks. cièté Générale was up FFr1 at FFr465 after results in line with expectations.

AMSTERDAM was actively traded as the CBS tendency index added 1.8 to hit another year's high of 178.5 on volume of Fl 950m.

Publishers were strong again banks were in Woiters Kluwer gained Fl 7.50 to another all-time high of Fl 172. Elsevier rose Fl 2.90 to Fl 69.20 after its statement about a possible merger with Pearson of the UK. Among banks, ABN reported 18 per cent profits growth in the first two months and rose 60 cents to Fl 43.60.

Philips traded well on its last day cum dividend, rising 30 cents to Fi 40.60. Shareholders were meanwhile voting on further moves to protect the company from takeover.

ZURICH nudged down 0.2
points on the Crédit Suisse

index to 572.0. The main talking point was engineering company Rieter's decision to open its registered shares to foreigners. Rieter registered shares were unchanged at SFr1.890 hut the bearers lost

SOUTH AFRICA

SFr100 to SFr3,875.

Day's Change

-0.1 -0.6

+0.4 +0.2 +0.0 +0.2 +0.0 +0.2 +0.3

+0.3 +0.2

+0.3

173.40 154.52 118.32 86.19 127.60 144.32 80.73 188.80

167.61

167.61 169.38 118.25 67.55 177.37 144.05 138.69 153.76 155.32 76.32 142.89 121.54

117.88 151.06 183.79 157.43 122.22

102.19 123.82

A FURTHER rise in the financial rand again undermined gold shares in Johan-nesburg in light trading.

TUESDAY APRIL 12 1989

112.99 104.44 116.03 152.12 135.56 103.80 75.61 111.94 126.61 70.82 165.63 147.58

148.59 103.74 59.26 155.60

126.37 121.67 134.89

136.26 66.96 125.35 106.62

103.41 132.52 161.23 138.11

107.22 89.65 106.62 137.25

125.35

Sulzer registered shares fell SFr25 to SFr5,675 after the engineering group announced a 2.6 per cent rise in profits and plans for an issue of 20,000 registered shares. In reaction to Tuesday's rights issue announcement, Nestle bearers

fell SFr90 to SFr7570. OSLO touched a record high as improvements in the economy continued to please investors. The all-share index advanced 9 to 461.56, passing the previous high of 453.05 reached earlier in the month, in active trading worth

Elkem, the metals company, was heavily traded after its optimistic profits forecast on Tuesday. It surged NKr37, or 11.6 per cent, to NKr317. MILAN was weaker in quiet

trade, with the Comit index off 0.57 on the penultimate day of the monthly trading account.

Banco di Roma fell L230 to L9,600 after the state participation minister on Tuesday opposed the sale of a 20 per cent stake to financial group IMI as part of the bank's recapcon effort.

MADRID eased elightly on profit-taking in active trading as the general index shed 0.96

STOCKHOLM edged higher in fairly quiet trading, with the Affärsvärlden general index rising 5.1 to 1,122.2. Volvo, which announced the

sale of Scandinavia Trading Company, its oil trading arm, saw its free B shares gain SKr8 to SKr465. Saab free Bs moved SKr6 higher to SKr233. After the close, Saab said it had won an order for five 340 commuter aircraft worth SKr250m from Crossair, a regional carrier.

BRUSSELS was busy, with most activity focused on individual stocks. Overall, shares closed mixed as the cash market index lost 5.22 to 5.832.41. Solvay advanced BFr125 to BFr13.300, with more than 9,000 shares changing hands. Also active were Societé Générale subsidiaries Gechem, the chemicals company, and FN, the arms maker. Gechem

rose BFr6 to BFr964 on 34,200

shares traded, while FN dipped BFr12 to BFr700 on 19,200

MONDAY APRIL 18 1989

115.66 116.89 151.00

136.57 103.16 74.86 111.38 126.03 70.86 164.30 143.75 103.44 58.64 154.28 125.55 121.19 134.53

137.57 66.88 125.02 105.70

89.24 107.88

124.43

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood

Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

105.88 116.46 129.37 115.88 172.93 136.78 110.18 84.53 127.49 143.66 83.32 158.43 177.20 446.12 114.88 164.61

129.91 123.74 136.05 147.51 78.78 125.35 121.54

110.09 148.96 154.79 136.98 121.21 100.69 109.09 136.28

131.88 131.31 117.10

131.26

Gross Olv. Yield

132.42 133.83 172.89

156.37 118.11 85.71 127.53 144.30 81.13 188.12 164.58 168.72 118.43 167.15 176.64 143.75 154.03 157.51 76.57 143.14

121.02

117.96 152.00 183.13 157.08 121.69 102.18 123.52 156.09 142.42 142.49 120.59

2.26 142.47

5.25 2.16 4.33 1.49 1.49 2.27 4.13 3.255 2.47 2.15 4.46 6.52 2.10 4.055 2.23 2.35 2.35 2.35 3.62

3.60 2.00 0.70 1.58 3.60 2.89 4.64 1.66 2.04

2.25 3.65

C3% to C\$25%.

\$% to \$70% on a US press report that GPA Group of Ireland, a major aircraft leas-

ing company, is about to announce an order for aircraft

worth more than \$10bn early next week. The report suggested that both companies

would receive part of the order.

has been one of the most vola-

tile stocks this week, rose \$1% to \$34% after NCNB, the

North-Carolina based commer-cial bank, refused to withdraw its \$2.4bn takeover offer as requested and urged Citizens

to begin negotiatione. NCNB rose \$1/2 to \$35.

FALLS by base metal issues

and management company

stocks outweighed rising golds and utilities to leave Toronto

lightly lower in quiet midday

trading.
The composite index slipped

2.6 to 3,569.0 on light turnover of 11.8m shares.
Canfor Corp, which said on Tuesday 1t bad agreed to acquire Balfour Forest, lost

Citizens & Southern, which

along with Airbus Industrie.

Profit-taking virtually eliminates sharp rise

Tokyo

Canada

JAPANESE equities succumbed to quick profit-taking. after coaring to an all-time high in early trading, and closed only modestly higher, writes Michigo Nakamoto in

In morning trading, the Nikkei average rose by more than 160 points to hit a record high of 33,418.36, but it soon shed its early gains and fell to a low of 33,136.51. Later, arbitrage activity supported the Nikkel and it closed 6.87 up at 33,256.45. Declines led advances by 461

to 413 while 181 issues were unchanged. Turnover fell to 1.03bn shares from 1.12bn on Tuesday. The Topix index of all listed shares dropped 3.84 to 2,466.39, while, in London trading, the ISE/Nikkei 50 index was 2.67 up at 1,979.04.

The new high reached in early trading was seen by many analysts as evidence that the demand and supply bal ance on the market was still good. But the feeling that prices had reached danger-ously high levels, combined with the political uncertainties stemming from the Recruit scandal, gave investors reason to try to make quick profits while they could. "In this kind of environment, investors want to unwind their positions at the end of the day," said an analyst at New Japan Securi-ties.

interest continued to move from one sector to another, Investors have been buying not the sector leaders but medium or small capitalisation issues, as well as those that are laggards in areas where growth in profits is expected to be high, such as in the machine tools, high-technology and industrial

high-technology and industrial machinery sectors.

Amada, a maker of metal-working machines, rose Y140 to Y1,510 in heavy trading. The company was picked for good earnings prospects and high order levels for its machine tools, supported by increased plant and equipment investment. Shintom, a maker of car audio equipment, added Y220 audio equipment, added Y220

to Y3.020. News that NEC may have developed the fastest perform-ing supercomputer attracted attention to high-technology issues. NEC gained Y30 to

DOLLAR INDEX

1988/89 Low

128.28 92.84 128.52 124.67 165.35 125.81

112.57 81.77

111.80 125.00 78.16 180.30 143.35 153.32 110.63

67.15 139.92 124.57 115.35

143.14 138.45 74.05 134.53 112.13

137.95 176.37 152.83

112.79 98.84 123.48 152.04 138.06 138.82 114.51

988/89 High

157.12 119.05 136.68 137.27 180.38 156.37 119.98 90.40 133.77 147.10 86.88 200.11 167.61 169.38 118.52 76.02 178.53 147.64 142.88 154.03 162.00 79.76

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130.72 | 146.51 | 138.83 | 130.67

105.90 115.99 129.16 129.16 135.89 137.88 137.78 143.29 83.45 157.67 174.22 445.64 145.99 58.66 145.99 124.82 136.12 149.18 78.61 125.02

109.75 149.53 154.08 136.42 120.69 100.34 109.00 135.73 131.32

Year ago (approx)

119.60 91.70 126.65 125.49 121.93 126.78 85.08 79.39

104.41 123.20 79.22 172.34

125.43 136.20 110.21

110.21 76.53 128.06 109.15 124.47 153.16 123.04 81.16 138.00 110.48

109.28 114.36 167.54 144.24 111.28 91.45 109.63

143.40 129.97 130.71 110.68

Y1,820, Hitachi and Sony both added Y30 to Y1,570 and Y6,760 respectively and Nikon gained Y20 to Y1,480. Toshiba, the

most actively traded issue with 47.3m shares, rose Y10 to Y1.270.

Shipbuilding stocks were weak. Kawasaki Heavy, the second most active issue with 27.3m shares traded, was down Y30 at Y1,090, while Sumitomo Heavy, wblch has been selected recently for its licence to make heavy water used in nuclear fusion, lost Y50 to Y1,320. Chiyoda, a leading plant

engineering company, advanced Y60 to Y1,590 amid speculation that tighter antipollution measures in the US would lead to increased demand for Chiyoda's systems for desulphurising car exhaust. Reports that the company could win a Malaysian order for gas treatment equipment

added to its popularity. Nippon Telegraph and Tele-

cations company that has suf-fered from the involvement of former executives in the Recruit scandal, closed at an all-time low of Y1.47m. Individual investors, in particular, felt NTT's share price had little chance of recovering while the Recruit affair remained unresolved, and speculation about the possible break-up of the communications company fanned their fears of a further

High-technology issues sup-ported the market in Osaka, where the OSE average posted a stronger rise than Tokyo did, finishing up 96.32 at 31,992.82. Volume, however, declined to 91m shares from 95m.

Roundup

A POST-CRASH peak in Singapore, where volume was again at record levels, was the high-light of a confident day in the leading Asia Pacific markets.

SINGAPORE again broke its . turnover record, as the Straits Times industrial index reached a post-crash high of 1,219.02, up 17.59. Volume was 167m shares. compared with the previous day's 124m.

Widespread buying was encouraged by the strength of overseas markets, particularly Wall Street.

Singapore Land rose sharply, adding \$\$1.50 to \$\$12.60, while Multi-Purpose was the most active stock, rising 3 cents to S\$1.01 on 8.1m shares traded. HONG KONG was animated. by refreshed overseas interest and diminished worries about a rights issue by Hopewell Holdings. The Hang Seng index added 34.16 to 3,060.16 and

turnover rose to HK\$1.18hn from HK\$727m. Hopewell gained 25 cents to HK\$3.30 before it announced higher interim profits and a one-for-one rights issue to raise HK\$3.86bn at HK\$2.60 a share. Speculation that New World Tuesday's 15.4m.

had sold five floors of the Hong Kong Convention and Exhibition Centre at a record price for Walthal property propelled it 20 cents higher to \$\$14.10. Dickson Concepts was the most active issue, adding 5

cents to HK\$8.10.
AUSTRALIA was driven higher by demand for blue chip industrial stocks. The All Ordinaries Index gained 7.2 points to 1,421.9, with 109m shares traded, worth A\$170m traded. ANI lost 4 cents to A\$1.12. The company had said it would not seek stock exchange sus-

pension over its A\$194m expo-sure to Spedley Holdings,

which went into provisional liquidation on Tuesday. SEOUL fell sharply for the third consecutive day in slow trading. The composite index lost 27.53 to 927.96 - one of its steepest falls ever - on fears about growing political unrest and labour disputes. Volume was 14m shares, down from

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Base values: Occ 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US \$ Index), 114.45 (Pound Sterling) and 123.22 (Local).

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FINANCIAL TIMES THURSDAY APRIL 13 1989

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ACCOUNTANCY COLUMN

US companies share a standard complaint

RECENT PROPOSALS for monitoring the activity of the US Financial Accounting Stan-dards Board (FASE) have given partial support to a bid by lead-ing US companies to rein in their national standards set-ters. The FASB, companies claim, is answerable to no one and has produced ideas which are potentially crippling to their businesses.

For almost four years the Business Roundtable, an assocustion of chief executives of 200 of the biggest US compa-nies, has been complaining that the FASB has been issuing standards that are incom-prehensible and extremely expensive to implement.

On April 24 the Financial Accounting Foundation (FAF), the FASB's parent, will consider recommendations for changing its role as overseer of the US accounting standards

The proposals are to be put forward by a committee set up by the FAF, at the insistence of the Roundtable, and chaired by Mr Ray Groves, senior partner of Ernst & Whinney.

The FASB was created 15 years ago by the Securities and Exchange Commission to set accounting standards for com-panies. Its seven-member board and 45 staff, based in Connecticut, work full-time formulating financial reporting rules. Three recent proposals in

posed that companies provide against the cost of post-retirement health care which they have promised to their employees. Estimates vary, but it could wipe up to \$2 trillion — million million — (£1.2tr) off US company balance sheets.

Secondly, a new standard that came into effect this year could double the size of the balance sheets of hig companies by requiring them to consolidate all their subsidiaries. It will particularly affect com-panies with large finance subsidiaries, such as Ford and General Motors.

The third change and the one that has caused the greatest annoyance relates to accounting for deferred taxes. Companies say it would be extremely costly to comply with and could cause large and meaningless swings in their profits from one year to the

After extensive consultation, the FASB agreed last autumn to defer the implementation of the rule for a year.

US companies are not pleased with all this. Mr Tom Jones, chairman of the staff committee of the Roundtable's accounting taskforce, said: "FASB is banging out stan-dards left, right and centre. And FASB is prosecuting coun-

particular have annoyed the corporate world.

In one, the FASB has proaccounting taskforce, the Roundtable last year proposed a private sector body to over-see the efforts of the FASE. It would be staffed by nominees from academia, the corporate

world, public accounting and the FAF. However, in January that suggestion was shot down by Mr David Ruder, SEC chairman, on the grounds that it might impinge on the FASB's independence

The Groves committee has suggested that the FAF set up an oversight committee from among its own members to monitor the FASB's work. This proposal is considerably weaker than the Roundtable's

own suggestion, but looks far more likely to be approved. The Groves committee has recommended that the FAF oversight committee be allowed to ask the FASB for an annual report on how it is ful-filling its mission and meet individual members of the FASB and discuss their perfor-

Mr Edmund Jenkins, manag-ing director of accounting principles for Arthur Andersen, is still sceptical that this would be acceptable to the FAF. "It could be seen as an impedi-ment to FASB's independence as it is composed of FAF members and they are the employ-ers and financiers of FASB," he At the moment the FAF

helps raise the FASB's \$11m annual running costs, but pointedly does not interfere in its affairs.

Mr Paul Miller, a University

of Colorado professor who has worked with both the FASB and the SEC, is completely opposed to the oversight con-He said: "They are describing a master/servant relation-ship. The proposal is parallel to that of the Roundtable and is

simply designed to serve their interests by prolonging the standard setting process."

The Groves report includes several suggestions published a year ago as the first part of their report to streamline the standard setting process and make it more acceptable to companies. These include: • FASB should issue a "white

paper" on any new topic that it plans to tackle. • An FASB board member should chair each of the task forces set up to investigate accounting topics, rather than leaving it to the body's staff.

Before issuing drafts of new rules, the task forces should publish their preliminary views and carry out extensive

field testing. The FASB has indicated that it is willing to meet these sug-

gestions part way. Last year it published a list of the topics in order of priority that it wanted to look at. A board member has been appointed to chair the taskforce considering ways of accounting for imancial instru-

In the meantime, the Round table is not planning to cool its beels. It intends to organise a group along the lines of its original proposal to keep in touch with the SEC – even if it does not have official recognition. Its members will be drawn from the US Chamber of Commerce, the National Asso ciation of Manufacturers and

the Big Eight. They plan to meet the SEC every six months on an infor-mal basis to "klck around

STRICTER LEGAL controls on auditors in the US could be in draft form by the end of this year: Congressman John Dingell is getting near to the final leg of his marathon battle with

the accountants. Mr Dingell, chairman of the oversight and investigations subcommittee of the House committee on energy and commerce, has been the scourge of the auditing profession for most of the 1980s.

His series of investigations into audit failures led to a

response from the profession in the form of the Treadway Com-mission, which came up with 49 recommendations for giving greater assurance on the qual-

ity of audits The General Accounting Office (GAO), the investigative arm of Congress, recently produced a progress report on the implementation of the Tread-

way proposals.
This report is now with Mr Dingell. His subcommittee expects to have examined it by next month and to then start work on draft legislation that will incorporate the Treadway recommendations and the GAO's comments.

The GAO report reveals mixed success so far. Many of the Treadway recommendations are still being put into place, it says. For instance, last month the SEC tightened its regulations that auditors would have to notify the SEC when they resign or are sacked from an

Other recommendations have been difficult to implement - such as compulsory periodic reviews of auditors by

their peers.
Some have been rejected altogether, such as the requirement for companies to have independent audit committees oversee them. This, it was claimed, would be hurdensome for small companies.

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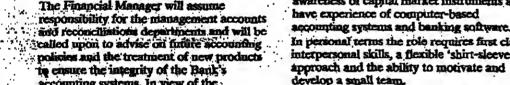
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Cur clear, has established itself as a world leader in public relations. Consequently, a Phancial Controller is sought for a new subsidiary. Working with the Manging Director, you will manage all aspects of the france function and contribute to its successful operation. You should be a qualified accountant with experience from industry or practice. Page MW.

For further information on these or other appointments cell John Bownson or Paul Goodman on 01-387, 5400, evenings on 0424, 874473-91-445-6464 or write to us at Planeciel Selection Services, Drayton House, Gordon Serent, Blootsphery, Landon WCIN 0404.



'IMPROVING THE VALUE OF HIGHER EDUCATION'

up to £35,000 pa

responsible for managing the Polytechnic's finances within an overall budget of £25m.

PNL is one of London's leading polytechnics, a centre of academic excellence open to the whole community and attracting students from all parts of the world. Education is changing, PNL is growing and our academic and research activities are broadening. on all fronts. The opportunities in financial management to contribute to the value of education have never been as great — or as crucial to its development here at PNL. The role of the Head of Finance will be to assist in meeting the Polytechnic's objectives within finite financial budgets, whilst contributing to strategic development.

The Head of Finance is a member of PNL's

Senior Management Group, and will head a well established department providing the full range of financial services, advice and support.

The post provides a challenging opportunity to candidates with entreprenurial flair and the ability and motivation to achieve success rapidly. Candidates should be qualified accountants with some public sector experience. Knowledge of financial systems in the education field would be an advantage. Good leadership skills together with a teamwork approach will be among the personal qualities looked for in this appointment. Closing date: 4th May 1989. Ref: B121/FT.

Application forms and further details can be obtained from the Personnel Office, The Polytechnic of North London, Holloway Road London N7 8DB. Tel: 01-809 9913 (24 hour answering service). We are an Equal Opportunities Employer

and seek to recruit from the whole community.



THE POLYTECHNIC OF NORTH LONDON

THE FINANCIAL TIMES

Proposes to publish the Recruitmentand **Personnel Services Survey**

Thursday 8th of June.

For further details contact

Patrick Williams 01-873 3351





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ACCOUNTANT

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A STATE OF THE STA

Finance Director

£35,000 - £40,000 plus 2 cars and excellent benefits

Our client is a particularly successful car dealership and petrol retailer based in Chichester. The company represents several volume and prestige franchises, including Mercedes - Benz for West Sussex. With a turnover of approximately £40 million per annum they have good track record in opening new outlets and expanding ones already in existence. The company is now entering a period of consolidation while they consider future developments. Recent projects have included diversification into property.

The accounts department comprises a well-structured learn of high calibre individuals. A Finance Director is now sought to spearhead the next phase of development and lead the company into a programme of acquisition, diversification and a possible flotation. Short term duties will include evaluating the existing organisational structure, systems and accounts

department and suggesting and implementing changes. This will progress into a more strategic role within the company, where, working alongside the Managing Director, you will help make decisions on the future

direction of the group.

Candidates must be qualified accounts of the motor industry is highly desirable. They should have approximately ten years' experience and be used to running an accounts department of a similar size (20-25 people). Computer literacy and a hands on management

approach are necessary.

In return for a high level of commitment the successful candidate will be offered a highly attractive salary. package which will include two company cars and, potentially, share options. Future prospects are excellent. Please write, in confidence, to Kelly briondo at the address below quoting reference number SHA. 1292.

Stoy Hayward Associates

SYSTEM ACCOUNTANTS; LONDON c£35,000 + car

When it comes to changing jobs, variety of work content comes close to the top of most people's list of considerations.

Other top contenders are most likely to include achievement-linked reward and searching intellectual challenge.

At Touche Ross Management Consultants we not only understand these requirements but believe we are in the fortunate position of being able to provide

Furthermore, rapid growth means that opportunity for advancement is genuine. And from our point of view. maritocracyl se tello de a

So why not take a fook at us? We need high calibre

lanagement or **Certified Accountants** to join us as senior

or principal Management Consultants working on a wide range of business projects.

At Touche Ross you would participate at the leading edge of developments, with small professional teams of proven specialist ability. Here you would be involved on both private and public sector problem solving assignments.

> Aged 28-35, dedicated and ambitious, you are currently with a large multinational (or major consultancy) and possess at least 5 years' experience of operating and implementing large accounting systems.

This should be supported by successful line management experience, a sound understanding of one of the major general ledger packages (e.g. MSA) including familiarity with mainframe and minicomputer applications.

If you believe your future could now benefit from a more highly spiced challenge please make

Your cv will be treated in total confidence and should be directed to:-Michael Hurton (Ref. 3003/F).

Touche Ross Management Consultants, Thavies Inn House, 3-4 Holborn Circus, London EC1N 2HB. Tel: 01-353 7361.

There are noticed in the mention of the contraction of the con-**△ Touche Ross** Management Consultants

ASSISTANT MANAGER, REVENUE ACCOUNTING

COUNTING THE COST OF SUCCESS

的复数阿拉斯斯斯斯斯 计图片 he telecommunications industry is witnessing a revolution. Mercury Communications are forging telecom links across the globe. We can supply our customers with a 21st Century telecommunications capability right now. Mercury invests in quality and talant at all levels, both in terms of



You may be aware of Mercury through our high profile public booths in Central Landon or from our constant quest to recruit individuals who can match up to the Mercury challenge. One fact is indisputable, Mercury is expanding fast.

Does your desire for personal achievement match our cornarate aims? We are committed to guining global domination in ecommunications. Could you help us make it happen?

Mercury's corporate headquarters in London's West End needs a highly aware, self motivated individual to manage a division of the Revenue Accounting department. You will be directly responsible for Leased Services and Sundry Billing, Inter-Operator Accounting and Inter-Administration Accounting, and will maintain aptimum efficiency of those systems and procedures. You will also be responsible for consolidating and analysing revenue statistics for management.

We place high emphasis on management capability, a capacity to motivate and develop staff plus an understanding of the need for accurate, efficient working procedures. An accountancy qualification would be advantageous but not essential. However, you should have a minimum of three years experience of senior management in a finance environme ver with a proven ability to produce comprehensive financial management reports.

in return for the talent and commitment we demand, a salary of up to £25k plus company our and BUPA is offered in addition to the appartunity to be an integral part of tomarrow's

if you can meet this challenge please send your details to: Julie Rowan, Personnel Department, Mercury Communications Ltd, 90 Long Acre. London WC2N 9NR Tel: 01-528 2139.

BANKING & FINANCIAL SERVICES RECENTLY QUALIFIED

The demand for newly and recently qualified chartered accountants in the City continues. As a leading independent recruitment consultancy with an unrivalled reputation in the banking and financial services sector, we are ideally placed to assist you. Our experienced consultants are available for an informal discussion about City opportunities, whether you wish to move immediately or simply want an impartial assessment of the right course of action.

ACCOUNTING SENIOR ANALYST

To £30,000 + Car

r client is a well-known name in merchant banking, and they are
king for an experienced analytical accountant to work in the
out Management Accounts section. The duties will appeal to those
o thrive on project-orientated work, and include business
assments reviews of capital expenditure, strategic planning and ad
g project work. Aged between 25 and 32, you will have strong
ounting skills and ideally a financial services background.

OPERATIONS MANAGER

OPERALIONS MANAGER
To £27,000 + Benefits + Car
Our client, the British Stockbroking subsidiary of a major US
investment bank, is offering a unique opportunity for a bright young
qualified accountant. In this position you will have the opportunity to
develop general managerial skills, running their research department
and providing management information to a large and active equity
research team on the status of their clients. After two years you will
move into a position as a research analyse. Above all the successful
candidate must possess a strong personality. 'Big 8' preferred.

TOE30,000 + Benefits

A leading financial institution in London with an extensive international network seeks a Senior Executive to join their elient liaison division. This is a high profile department providing a varied and challenging workload. Interacting between the transaction teams, analysts and client portfolio, responsibilities include investor relations, co-ordinating company announcements and providing market information. Applications are sought from graduate ACAs, who have an understanding of the UK corporate finance market. uncies please contact the following on (01) 583-0073 (day) or (01) 350-1738 (evening

16-18 NEW BRIDGE STREET, LONDON, EC4V6AU.

BADENOCH & CLARK

CORPORATE FINANCE

US INVESTMENT BANK

£28,000 + Benefits

An exceptional opportunity exists for a recently qualified ACA to join its M & A biased department of this premier US investment bank. The successful candidate will be involved in divestitures, restructurings, rights issues, bid and stake buildings. You will have excellent technical capabilities, good time-management skills and be a confident self-starter. Young 'Big 8' with special work experience preferred.

SENIOR EXECUTIVE

To£30,000 + Benefits

RECRUITMENT SPECIALISTS

A HAMPSHIRE

Interested in Joining Us? Hampshire County Auditors -Are a designated Business Activity of the County Council operating to a Business Plan

dient base throughout the public sector

Provide opportunities both for team management and

Are looking for Audit Managers and Senior Auditors who possess commercial awareness, good communication skills and proven technical abilities.

Are already successful in marketing services to a varied

(Salary up to £19,400)

Qualified

Accountants

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special assignments

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 Subsidised leased car scheme (most posts) **Experienced** Assisted mortgage facility Generous relocation package

Accounting **Technicians**

(Salary up to £15,900)

Still Interested?

Then ring the Personnel Unit on Winchester (0962) 847487 for an information pack or further details. Closing date 28th April 1989.

The Council pursues a policy of equality of opportunity and applications are particularly welcome from people with ... disabilities.

HAMPSHIRE COUNTY AUDITORS HAMPSHIRE COUNTY **AUDITORS**



COUNTY TREASURER'S DEPARTMENT



TESCO

Group Tax Manager

c. £32,500 + Car + Benefits

Cheshunt

Tesco plc is a 'top 30' UK company with a turnover in excess of £5 billion. In recent years the company has gained a significant increase in its market share which has further established it at the forefront of food retailing in the UK. It has developed an ambitious investment strategy for the years ahead which reflects its confidence in further gains and profitability.

A young tax professional is now sought to take charge of all aspects of the group tax function, and develop new tax initiatives within the group.

The role will involve effective management of both the corporation tax and VAT functions, supervision of a

VAT accountant, and direct involvement with technically complex issues. Responsibilities will become increasingly orientated towards tax planning and specific consultancy assignments. The company's sophisticated funding programmes for the fumre will demand significant tax input, and there will be increasing involvement with the treasury and corporate finance functions on a project basis.

For a young ACA with 2-3 years tax p.q.e., seeking a first move into the commercial sector, the role represents an outstanding opportunity - the chance to be an integral part of a young, dynamic finance function within a

successful, high-growth organisation.

For further information contact Nicki Corner (01) 936 2040 (evenings w/ends (01) 326 1516) or send a cv and covering letter to Brewer Morris, Ludgate House, 107 Fleet Street, London EC4A 2AB.

MAJOR US INVESTMENT BANK **MERGERS & ACQUISITIONS**

Our client, one of the most prestigious international investment banks, with substantial operations in London, seeks one or more high calibre professionals to join its rapidly growing European Mergers & Acquisitions Team. Suitable candidates will be graduates of leading U.K. universities, either recently qualified as ACA's or with around two years experience of M&A work in an investment banking environment. A high level of numeracy is essential, and fluency in a European language would be an advantage. A generous remuneration package is available, and career prospects are outstanding. Please reply in writing to the address below, enclosing a full Curriculum Vitae. All applications will be treated in the strictest confidence.

Impact Marketing Consultants, (Ref. 1026), Telfords Yard, 6-8 The Highway, London E1.

Financial Controller

Thames Valley

c£40,000 + Car + Options

High-Tech Exceptional Growth Gp t/o £100m

Our Clieol is part of the highly successful Quartet plc Group and is one of the fastest growing companies in the UK, having achieved a year-on-year doubling of turnover over the five years since formation. The Company is totally self funded and has produced exceptional profits growth and exture an entital as it profits growth and return on capital as it has moved to a leading position in hightech distribution.

Instrumental in our Client's success bas skills with strong financial management with particular emphasis on information management, forward planning and tight financial cootrols.

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Company style is open and direct and has always recognised that the people who help create success and wealth should share in them. As such this senior position (which reports directly to the Joint Managing Director) will carry the opportunity to take up options in the Group.

Candidates must be qualified accountants aged early/mid 30's ideally from a distribution environment with a proven record of achievement in a fast moving company. Good communication skills and a sense of humour are vital and advancement meaning or sense of sense o and advancement prospects excellent. Please telephone or write enclosing full curriculum vitae quoting ref. 318 to: Philip Cartwright FCMA. 97 Jermyn Street. London SW1Y 6JE Tel: 01-839 4572

Cartwright Hopkins

FINANCIAL SELECTION AND SEARCH

FINANCE DIRECTOR

Denby, Derbyshire

£35,000 + package Late 20's/Early 30's Exec. car & benefits

THOUSE OF THE

Denby Tableware

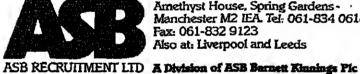
Since the acquisition by the Coloroll Group two years ago. Denby Tableware has moved ahead impressively. New capital investment, imaginative marketing, improved designs and heightened brand awareness have contributed to dramatic increases in lumover -currently over £10m - and in profitability. Aggressive penetration of markets in the UK and overseas is accelerating the momentum of future growth.

Within the executive team that drives this business forward, the Finance Director performs a broad and very commercial role.
With the support of a strong team, embracing the

with the support of a strong team, embracing the finance and DP functions, you will ensure the smooth flow of information which is essential within such a fast-moving business. While exercising tight control over day-to-day operations, you will also help to formulate long-term strategic goals, participating in decisions which affect all parts of the business. One of your early priorities will be to extend computerisation into the production planning and sales & marketing areas. To succeed here, you will be a young, graduate, qualified accountant with a highly-developed commercial awareness and exceptional communication skills. The environment will demand from you the highest levels of commitment and expertise, but will also provide opportunities for outstanding career growth -following the example of the present FD who has secured promotion within the Group.

The executive team is dynamic, enthusiastic and successful. You will be joining them at an

Please apply to Lawrence Sarnett and Dudley Harrop at our Manchester office quoting ref. MX109.



Amethyst House, Spring Gardens-Manchester M2 IEA. Tel: 061-834 0618 Fax: 061-832 9123

Also at: Liverpool and Leeds



THE COMMERCIAL MORTGAGE BANK

Part of a major insurance group we are one of the principal specialist lenders in the commercial property sector. Our continued expansion promotes and urgent need for a

SENIOR LENDING OFFICER - c. £25,000 p.a.

to join our established Loans Department based in Exeter.

Applicants, aged 30 to 45, will preferably have ACIB qualification and be able to demonstrate wide experience of commercial property lending, including development finance, together with appropriate management skills, ability to negotiate at Board level and a bigh decree of self-matienties. level and a high degree of self-motivation.

As the position will require some travel a company car will be provided.

In addition to the salary indicated, which will depend upon age and experience, we offer valuable benefits including annual bonus, free BUPA membership, and house mortgage subsidy after a qualifying period.

Applicants should write with a full CV (which will be treated in the strictest confidence) to: C. J. Halliday, Esq., Loans Director, Exeter Trust Limited, Exeter Trust House, Blackboy Road, Exeter, EX4 6SE.

Please mark your envelope "Strictly Private & Personal".

FINANCIAL PLANNING MANAGER

Uxbridge

Unrivalled career progression is the reward for an innovative recently qualified with this major retail/ distribution PLC. Heading the Financial Planning team you will have overall responsibility for the construction and presentation of the group distribution plan including divisional forecasts and capital plans, five year plans and group pay reviews. Strong management and analytical skills are required coupled with good computer applications and financial modelling experience. Excellent benefits package and prospects to match. Ref. H2402.

Road, Harrow HA1 1DG. Tel: 01-863 6211.

SENIOR FINANCIAL ANALYST

Our client, ACCESS, is seeking a qualified Accountant to further strengthen the financial planning function within their multi-million pound operation.

This key role requires experience in budgeting, auditing and analysis as well as management reporting. The successful candidate will combine staff management abilities with initiative, flexibility and strong

Excellent benefits include, preferential loans scheme, generous holiday entitlement, pension and Life Assurance, and excellent Sports and Social Club. REF: JK/ACCESS. For further information contact: Accountancy Personnel, New Cranbrook House, 61 Cranbrook Rd, littord IG1 4PG. Tel: 01-478 7725.



CONTROLLER - EUROPE

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FMCG

Mid 30's

Our client, a US multinational and household name, is committed to the further strengthening of its dominant market position. As a result of an internal promotion, there is an immediate requirement for a key individual to join the senior management team.

Reporting to the Chief Financial Officer, Europe, your principle responsibilities will comprise the co-ordination and management of the finance function. This will encompass strict financial reporting, performance planning and analysis, together with policy implementation and appraisal.

A chartered accountant with at least four years' commercial

c£47,500 + Excellent Benefits Package

experience, preferably within a US corporate environment, you should also possess the intellect and assertiveness to lead a focused and committed finance team. Growth potential is essential as progression will be limited only by personal ability.

In addition to the advertised salary, the benefits package includes a substantial bonus, fully expensed car and share option scheme.

If you are interested in this opportunity, which is situated within the M25 corridor, please contact James Hyde on 01-437 0464 or write to him, enclosing a brief CV, at the address below.

ROBERT • WALTERS • ASSOCIATES

RECRUTTMENT CONSULTANTS Queens House | Leicester Place London WC2H 78P Telephone: 01-437 0464



THE PURSUIT OF EXCELLENCE

With revenues increasing by 30% and earnings almost doubling, what can a company that earned \$1 hillion in 1988 do for an encore?

The answer is simple - to be the best at what it does, to develop and grow within an increasingly competitive and ever changing market place.

This never anding search for excellence results in a demand for outstanding individuals who possess an antrepreneurial and flexible approach to successfully manage this change.

MANAGER REPORTING AND ANALYSIS £25,000 Package + Car **BRIGHTON**

The Travel Related Services Division marks the foundation of today's American Express Company and markets some of the world's most dimpulshed brand names, including the American Express Card, Gold Cardend Travellers Cheques.

A key member of the management team, you will be responsible for the production, presentation and interpretation of European Divisional results to senior management. Leading a professional team, responsibilities include identifying and analysing specific business issues and providing support to local finance departments throughout the region.

Aged 28-32, candidates should be qualified Accountants with a proven track record in a management accounting environment. Manmanagement skills are essential as is a mature and positive approach to decision making.

Please apply directly to Penny Ridgett at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R OBR. Telephone 01-836 3546, or evenings on 01-853 4009. Alternatively fax your details on 01-836 4942.

FINANCIAL SYSTEMS CONSULTANT To £25,000 Package BRIGHTON

Travel Related Services has recently undertaken two new strategic initiatives in the isvalopment of information systems – Projects Genesis and Travel Systems Strategy.

En will play a significant part in the development of these key husiness systems. This broad role involves providing support and advice on the financial integrity of the new systems. You will also provide a consultancy service to regional

Candidates should be qualified Accountants or Consultants, aged 22-28, with experience of financial systems review and development.

The company offers an excellent benefits package which includes a mortgage subsidy, relocation and non contributory pension scheme.



ROBERT

Financial Recruitment Specialists London · Birmingham · Windsor · Mench

of your every? I have a selection was to the contract of the

GOVERN YOUR CAREER AND HELP GUIDE OUR FUTURE!

Packages c. £28,000

As a well-known and professional financial services organisation, National & Provincial is constantly searching for new ways to elevate the service we offer to all our customers. Nowhere is this more obvious than in the rapidly expanding area of consumer credit.

FINANCIAL CONTROLLER

Intense activity in the provision of Consumer Credit products and services makes the instigation of innovative financial accounting and management information systems imperative to determine and monitor current levels of enterprise.

You will be instrumental in the creation and implementation of these systems with emphasis on profit and loss, profit forecast, pricing models, sensitivity analyses and budgetary control.

CREDIT CYCLE CONTROLLER

Success in the field of Consumer Credit depends upon the ability to accurately assess credit worthiness to minimise risk.
You will impart effective credit control procedures and perpetuate a credit scoring system. This will incorporate monitoring existing scoresets, tracking trends and making recommendations to implement changes. In addition data on competitors as well as existing portfolio performance will be required.

As Credit Underwriter you will be primarily involved in the verting of referred Credit Card applications using your judgement to assess their viability. This will also involve investigative work, within certain specified parameters. There could also be an element of research work so that you can provide statistics and other information, to improve the quality of the overall decision making process.

The position will demand a minimum of 2 years' experience in the Credit Underwriting field, preferably within a financial services institution.

An assute understanding of the financial services business is all-important, particularly in connection with credit-related procedures. You must have substantial experience of this fast-moving sphere and a sound appreciation of the business. Success will be based upon a rational and decisive temperament. The attractive salary package includes an immediate concessionary mortgage and a London Weighting Allowance. We also offer an optional contributory pension scheme, BUPA and relocation where appropriate. Please write with details of career to date, to: Mrs Augela Stevens, National & Provincial Building Society, Provincial House, Bradford BD1 1NL. Tel: (0274) 733444.

The Society is an Equal Opportunities Employer

MAKE A BEE-LINE FOR N&P



NATIONAL & PROVINCIAL BUILDING SOCIETY

INTERNATIONAL BUSINESS APPRAISAL

MAJOR UK PLC

Central London

This highly profitable UK multinational has, through organic expansion and strategic acquisition, established itself as a market leader in the food manufacturing and commodity sector.

An exceptional opportunity has arisen for an astute and committed individual to join a small high profile tearn reporting to Board level. The team undertakes a variety of projects of an analytical nature, working in company offices throughout Europe and North America.

Emphasis is placed on taking a business approach to problem solving across a variety of disciplines, including financial management. systems, production and marketing.

The ideal candidate will be a qualified accountant, preferably a graduate, aged between 25 and 32, with previous commercial experience. As well as excellent technical skills, you will need a perceptive and flexible approach, together with the confidence and presence to deal at the highest level throughout the organisation. Language ability would be an advantage but is not essential. In addition to an excellent salary and other large company benefits, the position offers outstanding opportunities for advancement at both subsidiary and group level worldwide.

Interested applicants should telephone Susie Truswell on 01-437 0464, or write, submitting a brief CV, to the address below.

ROBERT • WALTERS • ASSOCIATES

RECRUITMENT CONSULTANTS Queens House 1 Leicester Place London WC2H 7BP Telephone: 01-437 0464

[Jeli milita]

FINANCIAL CONTROLLER

Leisure Industry

City c £30,000 plus car

Our client, a partnership of two successful entrepreneurs, has just acquired a country club in the North. This is the first of a substantial number of proposed acquisitions of membership-based health and country clubs throughout the Midlands and the

The partners now seek to recruit a Financial Controller to join the team and to establish effective financial management and control. Systems will be fully computerised and staff will be recruited when required. This, however, is a "hands on" role, involving total commitment to the development of the Group, which will be achieved by both acquisitions and organic growth.

Candidates must be young, energetic, qualified chartered accountants with direct experience of the leisure industry and acute commercial acumen. The post will involve extensive UK travel; success in the role will lead to early promotion to the board.

Please write in confidence with full career and salary details, quoting reference J2135

KPMG Peat Marwick McLintock

Executive Selection and Search 70 Fleet Street, London EC4Y 1EU

NOVO Finance & Administration Manager

Paris based £35,000 (equivalent) + bonus + other benefits

NOVO, aworld leader in diabetes treatment and industrial enzymes is a US\$800 million multi-national biotechnology/pharmaceutical group. NOVO operates at the frontiers of science in its research programmes particularly genetic engineering.

The groups' French subsidiary, NOVO France (which is itself the market leader in that country) is seeking a qualified accountant, aged 30-35 to take on the role of Finance & Administration Manager. Responsible to the Managing Director - France, your responsibilities will include group reporting,

regular liaison with the Head Office in Copenhagen, statutory and management reporting plus personnel and administration.

An ambitious and resilient self-starter, you will have prior experience either overseas or within a multi-national company. A strong working knowledge of French and direct PC user experience is essential. Beyond that, you should have both the capacity and tenacity to meet the pressures and deadlines typical of a group determined to maintain and further enhance its market leadership.

Career prospects within this fast paced, growth orientated multinational are exceptional, and an attractive package, including relocation if appropriate is offered. If you are keen to pursue this EEC opportunity, then write to Hamish Davidson quoting reference MCS/4025 enclosing a full CV and salary details. **Executive Selection Division**

Price Waterhouse ement Consultants No. 1 London Bridge London SEL 9QL Telephone 01-378 7200

Price Waterhouse



BUSINESS PLANNING MANAGER



London

Cellnet operates one of the world's most advanced mobile communications networks and is one of the most dynamic and innovative companies in Europe with a consistent record of 100% compound growth per annum. Mobile communications is the growth industry of the future and Celinet is positioned to continue leading the market in the UK and Europe. Due to internal promotion a Business Planning Manager is now required.

Reporting to the Director, Corporate Services, the Business Planning Manager will lead a small team responsible for the business and financial planning of future growth. Liaising with a range of functional specialists, the role focuses on project assessment, capital investment appraisal and competitor analysis activity to support comprehensive reports to

£35,000 plus bonus and car

the Board on crucial commercial issues.

Candidates must be graduates with a business degree, possibly combined with an MBA or accountancy qualification. Aged 30-35, you will have a minimum of two years experience in financial planning and analysis together with familiarity with the demanding requirements of a large organisation. Excellent communication skills and commercial judgement are essential to build relationships across all disciplines.

Pleose reply in confidence, giving concise career, personal and salary details to Heather Male, quoting Ref. L414.

Egor Executive Selection 58 St. James's Street London SW1A 1LD (01-629 8070)

United Kingdom · Belgium · Denmark · France · Germany · Italy · Netherlands · Portugal · Spain

FINANCIAL MANAGEMENT OF GROWTH - UK & OVERSEAS OPERATIONS

Our client is currently e £35m turnover group providing design, manufacturing and full meintenance and expart technical backup to usars of engineered products.

Operating through e UK branch network and in the USA, Australia, the Middle East and mainland Europe, the group is committed to a significant growth programme, both organically and by acquisition, designed to double sales

tumover and margins within 3 years. To help manage this growth, they wish to make 2 new appointments of key financial personnel, to be based at the BIRMINGHAM HO.

GROUP FINANCIAL CONTROLLER c £25,000 + CAR + BENEFITS

ideally 30-35 years old the successful candidata will be a Chartered or Certified Accountant with 2+ years relevant postqualifying experience in a UK-basad international company with roots in

anginearing. Working closely with the Group FD, the role will encompass routine group statutory records, financial reports and analysis, together with audits and investigations of

both existing facilities and potential acquisitions, especially overseas. Up to 25% of the job will involve overseas travel. Quota Ref FT/191/PG

Both roles will have a direct impact on a major redesign of financial and operational systams based on new IBM AS400 hardware.

Prospacts within both the Group and its £800m turnover parent are excellent. Candidates should submit in strict confidence a full CV to Peter Grisenthweite who is advising the company and conducting preliminary interviews from week commencing Monday 24th April. You may fax your details to us on 021-209 2702. All correspondence will

FINANCIAL CONTROLLER - UK CO c £20,000 + CAR

Aged 28-35, the successful candidate is likely to be a qualified Cost & Managamant Accountant with a minimum of 2 years in a senior financial role within a multi-branch,

preferably engineering environment. Reporting to the FD of the largest UK operating subsidiary, the successful candidate will be responsible for all cantralised financial and management

accounting with a staff of 7. He/she will liaise regularly with anginaers and other branch personnel. Quote Ref FT/189/PG



ACAs in pursuit of excellence

Central London, Cambridge, Birmingham, Manchester £25,000-£40,000+Car+Bonus

Our client is a highly innovative firm who believe in employing commercially aware professionals. It is already one of the top firms in the UK with 80 partners spread throughout twelve offices and part of a strong international firm with 600 professional offices worldwide. The firm has achieved substantial expansion over recent years and expects to continue to grow through the

This growth has resulted in the need to recruit several high calibre chartered accountants, with a minimum of two years' PQE, to undertake key management roles in the Client Service

Departments. These departments provide a comprehensive financial advisory service for high growth privately owned and quoted businesses. Responsibilities are:

* Providing business advice, audit

and a consultancy service to a broad range of clients

* Motivating and leading a team of qualified

chartered accountants and students * Maintaining high technical standards

* Staff appraisal and counselling * Practice development.

In this environment, there is plenty of scope for commercially aware accountants to progress. Initiative and marketing ability will be rewarded with fast promotion.

The attractive salary package will include relocation assistance where appropriate. For further details please write, enclosing a full CV to Peter Minns at Michael Page Finance, 39-41 Parker Street,

London WC2B 5LH or .. telephone 01-831 2000.

Michael Page Finance

International Recruitment Consultants London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide



FINANCIAL DIRECTOR

West Midlands

Our Client is engaged in the provision of 'leading-edge' information technology to a wide range of Clients. As an autonomous profit-orientated business within a large Group, they are widely acknowledged as the elite in their field, setting the standards by which others are judged.

As a senior decision-making member of the Board, the Financial Director will coordinate and define policy for the financial management of the company's affairs. Major emphasis will be placed on the development of company strategies and policies in line with planned expansion by acquisition. Experience in this area is essential. The role will carry a strong bias towards commercial

management. The successful candidate will be a qualified c£30.000 + Bonus + Car

Accountant, with polished communication skills and the ability to motivate and direct staff. The senior nature of the position also demands stature and versatility coupled with a capacity for shrewdness and innovation. The Financial Director will need to have the ability and energy to get beneath the 'skin' of the business so that all decisions and recommendations are based on the exact needs of the company.

For a position of this nature, the company offers a salary package destined to grow in line with the on-going development of the

Applications, in writing, quoting reference B/184/89 and highlighting both entrepreneurial flair and experience of managing change, should be directed to Steven French.

KPMG Peat Marwick McLintock Executive Selection

Peat House, 2 Cornwall Street, Birmingham B3 2DL

Inchcape REGIONAL CONTROLLER - FAR EAST

London based

c.£40,000 (inc bonus) plus car and other benefits

Inchcape is an international services and marketing group with a £2 bn + turnover and a well-defined range of core businesses which offer significant scope for further growth both organically and by acquisition. These activities are managed through regionally-based centres with a corporate interface being provided by the London-based financial control department. As a member of this terminal Controller is now to be appointed who will report to the Group Financial Control Director and provide a financial and commercial service to the operational, management of a major multi-business sector based in Hong Kong. All accounting procedures are a local responsibility so that the Controller's role centres on commercial considerations such as performance analysis, budgetary control, capital investments and disposals, acquisitions review and input to strategic plans.

The job is, therefore, wide-ranging and business orientated with clear precedents for a career development move in 2/3 years, time. There will be a significant amount of travel to the sector headquarters and operational units.

Applicants must be qualified with line or staff experience in an international environment. Probably aged in their 30's they will need good communication skills and the personal confidence to be effective at board and senior management levels. Benefits include BUPA, a non-contributory pension and in due course, share options. Ref: 1694/FT. Send CV (with current salary and daytime telephone number) or write or phone for an application form to R A Phillips ACIS, FCII, 2-5 Old Bond Street, London W1X 3TB. Tel: 01-493 0156 (24 hours).

> Philips & Carpenter-Selection Consultants



CORPORATE FINANCE-

Leading Merchant Bank Young Accountant

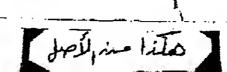
To £24,000 + Mortgage + Profit share + Car

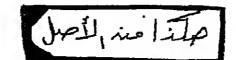
This Internationally respected UK Investment bank has offices in Europe, USA, Australia and the Far East. They now seek a young qualified accountant to Join their expanding Corporate Finance department, whose clients include major Blue Chip organisations as well as smaller companies experiencing rapid growth.

Operating within a young dynamic team, the position offers unrivalled experience and variety, providing high level financial advice on business deals around the world, including: ▲ MERGERS ▲ FLOTATIONS ▲ ACQUISITIONS ▲ MANAGEMENT BUY-OUTS.

A wide range of career options, including financial control, senior management positions in the UK or overseas and broking will be available within the medium-term. Young AGA's (or ACCA's with some financial services experience), seeking a move into the City should call ANDREW LIVESEY immediately.

ALDERWICK PEACHELL and PARTNERS, Financial and Accountancy Recruitment, 125 High Holborn, London WC1V 6QA, Tel: 01-404 3155





Personal Financial Services

Partner Designate

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c£50.000

Our client is an innovative, medium-sized UK, national and international firm of chartered accountants. The tax practice is a rapidly growing and prestigious business areadeveloped through an approach that is both highly efficient and personal. They combine the technical facilities of the large firms with the intimare approach of smaller firms. They wish to appoint a partner designate to lead and he responsible for the Personal Financial Services department. This strategically important role offers a unique opportunity to attain senior status within an established innovative practice.

Candidates should be suitably qualified accountants, lawyers or FTHs with a very strong personal tax background. You should also display a broad range of abilities including strong technical skills, the ability to successfully manage a team of professionals and he able to conduct detailed negotiations at a high

level with demanding clients and potential clients together with the tax authorities.

The department's work covers a variety of tax planning aspects for wealthy individuals resident in the UK and abroad including off-shore trusts, estate planning, capital transactions, share option schemes and other incentives for executive employees.

This senior level appointment with a real partnership potential in the short term, demands enthusiasm, commitment and the determination to succeed in this challenging role. If you feel you can meet this exacting criteria, write in strictest confidence to Chris Nelson, Manager, Michael Page Finance, 39-41 Parker Street, London WC2B 5LH or telephone him on 01-831 2000 (evenings/weekends 01-785 6545).

Michael Page Finance

International Recruitment Consultants

London Bristol Windoor St. Albans Leatherhead Birmingham Nottingha



Corporate Tax Executive

Luton

to £40,000 + car & benefits

(evenings/weekends 01-785 6545).

Ernst & Whinney is acknowledged as a major tax adviser to businesses in the UK and throughout the world.

The Luton office of Ernst & Whinney is now 130 strong and offers all disciplines needed by clients in the region.

The tax department supports the varied needs of a wide client base and has grown rapidly.

A vacancy now exists for an experienced corporate tax executive operating initially as a Senior Tax Manager. The successful applicant will support a vibrant corporate advisory team involved with all aspects of corporate reorganisation and regeneration encompassing investigations for acquisition, disposal, merger and flotation. Emphasis will be on client support, with departmental management responsibilities

for more junior staff where appropriate. A fast growing department allows maximum career development and a salary and benefits package which reflects the seniority of this position. For further information please contact Graham King at Michael Page Finance, 39-41 Parker Street, London WC2B 5LH or telephone him on 01-831 2000

Alternatively contact John Zafar at
Michael Page Finance, Centurion House,
136-142 London Road, St. Albans,
Herts AL1 1SA or telephone him
on (0727) 65813.

Michael Page Finance

International Recruitment Consultants

London Bristol Windsor St Albans Leatherhead Birmingham Nottingh

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FINANCIAL CONTROLLER

To Provide The Impetus For Strategic Development.

Central Scotland

c £35,000 + Car

Our client, a market leader, operates within the fiercely competitive FMCG sector. Its exceptional financial performance is derived from maintaining competitive advantage through a constant focus on a co-ordinated, highly innovative and strategic approach to all business practices.

This senior appointment carries financial control responsibility across a multiproduct, multi-site division. Specifically it entails the establishement and development of all financial policies and systems to ensure a consistency of preparation and analysis across all locations. The remit covers management accounting and control, budget preparation and performance review and, on an on-going basis, improving the quality of financial information and reporting procedures.

A qualified CA/CIMA, the successful candidate will possess a strong

professional track record ideally gained within a fast-moving commercial environment. The ability to manage, motivate and develop our client's financial teams and to provide operational management with high quality financial information and support is essential.

Candidates must be fully familiar with computerised financial control systems and be able to demonstrate the strategic planning and co-ordination skills necessary to ensure the successful development of the function.

An appropriate remuneration and benefits package commensurate with our client's status is offered together with exceptional career development prospects.

Please write, in confidence, giving concise career and salary details and quoting Ref. GMH115 to: Graham Hamilton.

General Manager Group Development and Finance

c £60,000 Sterling + Benefits

U.K. Based (Hertfordshire)

Abbey p.l.c., with a turnover in excess of St£100m, are a major group involved in property development, house building and plant hire.

The development of organic growth opportunities and good acquisitions have contributed to rapid expansion, and highly impressive profit performances.

To continue with this strategy and pace of growth, we are now retained to identify and recruit a senior finance executive capable of assuming the responsibilities of this new role within the Group.

This position will report to the Group Finance Director while also having a close working relationship with the Chairman and Chief Executive.

Operating at Group level, the key areas of responsibility will include:

Group Funding, Treasury and Tax Planning.

Corporate Planning.
 Acquisitions/Business Development Strategy.

 Financial/Management Accounting.
 Information Technology and Management Information Systems. Candidates applying for this most important post will be qualified chartered accountants aged between 30-45, and must have gained at least three years' relevant experience in most aspects of this type of job, preferably with a major U.K, based organisation. Strong interpersonal skills and a well developed commercial awareness are also essential qualities.

This postion offers a genuine challenge and the unique opportunity for the right person to progress quickly with a fast growing Group. Remuneration is structured to attract candidates of the highest calibre and will include a prestige company car.

Candidates should address a curriculum vitae in total confidence, to: Larry Kelly, Ernst & Whinney, Marine House, Clanwilliam Place, Dublin 2, Ireland or alternatively for a confidential discussion telephone him at Dublin 609433.



PMG Peat Marwick McLintock

Executive Selection

33/34 Charlotte Square, Edinburgh EH2-4HF.

Ernst & Whinney Management Consultants

IRELAND.

ASSOCIATED OFFICES THROUGHOUT THE WORLD.

An AMCO member.

FINANCIAL CONTROLLER £28,000 + car + benefits + opportunity...

For a leading independent specialist contractor in the manufacture of theatre and television scenery, stage engineering, museum and gallery displays.

Established ten years ago in Central South London the Company now employs 80 staff turning over £3m in 1988 and is already exceeding its forecasted 30% growth for 1989. A strategically significant appointment to complement its strong technical management team is now sought. Achievement of the Company's goals will lead to appointment as Financial Director within twelve months.

You will have responsibility for a small team handling all the financial and cash management functions, statutory and management reporting, also for developing existing costing and budgetary systems, and in addition will provide analytical commercial appraisal and advice at Board level.

The successful candidate will be a CA,CIMA or ACA qualified accountant aged between 30 and 35 demonstrating a successful track record who maybe battlescarred by the rigours of one-off manufacturing commerce. A natural flair and liking for organisation and administration is essential - acquisition experience and an eye for opportunity will be extremely valuable.

You will be energetic, mature, keen to get out and about, hard dealing and yet have a sense of humour to succeed in this fast turnover high profile industry. Firm financial disciplines are required to maximise the profits generated by a pressurised but dedicated workforce who will reward the person who genuinely enjoys developing individuals into a team drawn from all walks of life.

The Board will have no hesitation in awarding the right candidate capable of picking up this challenging and open opportunity with a valuable share option within 24 months.

Please send a detailed CV in strict confidence to Martin Stainton FCA, at Stainton & Shafto (Appointments), 21 Wigmore Street, London W1H 9LA.

Financial Accountant Central London

ACAs 28-35

c.£28,000 + car

Our client is a major food importing/exporting group with an annual turnover in excess of £200 Million seeking to recruit a financial accountant to join the Head Office finance function in London.

Reporting to the Deputy General Manager, the role will entail repsonsibility for the preparation of computer controlled financial accounts, draft budgets, overseeing cashering/treasury and payroll functions, bought ledger, sales ledger, insurances, car scheme etc.

Candidates (male or female) would be considered direct from public practice or with some years financial accounting experience gained in the FMCG sector.

DOUGLAS

For more information, please contact George Ormrod BA (Oxon) on 01-836 9501 or write with a copy of your CV to Douglas Llambias Associates Limited, 410 Strand, London WC2R oNS, quoting reference No. 3008.

LAMBIAS

618 MINSHAM 015 021-283-1-21 655 BLIN 501N3UROH 626 031 225,7744

GLASCOW LONDON

Financial Planning Analyst

 Applied Biosystems is the leading supplier of systems and tools for biotechnology research and related applications. At Applied Biosystems we have experienced sustained high and profitable growth which we expect to continue.

We are currently seeking a Financial Planning Analyst who will be responsible for the provision of short and long term financial information and its analysis to European Management and to the U.S. Headquarters. This will require the organisation of management reporting, including consolidations. This is a new position which is based at our European Headquarters near Manchester. Travel around Europe and to California will be necessary.

Applied Biosystems

The applicant should have a good working knowledge of English and a second European language and have a minimum of three years accounting experience in an international environment. Candidates should also have a recognised accounting qualification, with sound academic achievement.

With the continuing growth of Applied Biosystems, there is wide scope for career advancement into a financial management position. An attractive salary of not less than £28,000 is offered, plus Private Medical Scheme, Contributory Pension Scheme, Profit Share and Share Purchase Plan. Relocation expenses will be paid.

Applied Biosystems is an equal opportunities employer.

Applicants should apply in writing, enclosing a c.v. to Anne Balcerak, European Human Resources Menager, Applied Blosystems Ltd, Kelvin Close, Birchwood Science Park North, Warrington, WA3 7PB.

FINANCIAL ACCOUNTS MANAGER

St. Albans

£25.000 + Car

An excellent opportunity for a young career minded individual to join the Leisure Division of a major group of companies in the service industry. This position has resulted from the continued expansion of the company and their plans for further acquisition and growth.

As a qualified accountant aged 28-32, you have the initiative and proven technical expertise to make a positive contribution to this progressive organisation. The role will require strong financial management skills, computer literacy and man management ability. Specific experience of the preparation of statutory accounts and tax computations will be particularly relevant.

In return for your commitment, the company offers a generous rewards package and unrivalled promotion prospects. Benefits include a petrol allowance, free medical and life insurance, company pension scheme and

Interested applicants should contact Jenny Hanford on 0727 35116 (out of hours 0727 56986) or send career details to the address below.

MANAGEMENT PERSONNEL Eclipse Court, Half Moon Yard, 14b Chequer Street St. Albans, Herts AL1 3YD



Operations Planning & Analysis Manager

Financial Services London

c£40,000 package + car

Our client is one of the world's leading financial services groups, market leader in its sector. As a result of business expansion, a vacancy now exists for an Operations Planning and Analysis Manager. -

You will lead a small team with responsibility for developing project cost/benefit appraisal and monitoring systems, using both quantitative and qualitative methods to evaluate planning and cost initiatives across the sizeable operational network. Preferably an ACMA/FCMA with a relevant degree and at least five years' practical experience in large network operations, you will need first-rate analytical skills and

ideally be computer literate. In addition to a high basic salary, the position carries a full financial services benefits package, including subsidised loan facilities.

If you feel you match the demanding standards of a major financial establishment, please write in confidence, enclosing full career details stating how the requirements are met to Paul Banfield, ref. B.46046.

MSL International (UK) Ltd., 32 Aybrook Street, London W1 M 3 H. Offices in Europe, the American, Australiana and Asia Pacific.



Senior Tax Consultant

East Midlands

Here is yet another opportunity to join one of our young dynamic teams of tax consultants outside London.

You will be based in Leicester, where you will enjoy a wide ranging portfolio of clients from small businesses to multinational corporations. Many of our Leicester clients are moving ahead fast and you are likely to experience the tax problems associated with acquisitions,

MBO's and other reorganisation schemes. You should be a chartered accountant or Inland Revenue Inspector (P) with at least 4 years' corporate tax experience. Emphasis will be placed on candidates with good communication skills and an ability to work alongside clients who demand a comprehensive tax service of

the highest quality. If you are looking for a fast moving career Tel. 0533 531981.

up to £27,000 + car

with partnership prospects in an expanding office of a large international firm, then please write, with brief CV, to:

Tim Porter Tax Staff Partner Price Waterhouse Southgate House 61 Milistone Lane Leicester LE1 5QA

Price Waterhouse



OFFICES W: LONDON - ABERDEEN - BIRMARKAM - BRUSTOL - CARDIFF - EDINBURGH - GLASGOW - LEEDS - LEICESTER - LIVERPOOL - MANCHESTER - MIDDLESBROUGH MEWGASTLE - NOTTINGHAM - REDHELL - ST. ALBANS - SOUTHAMPTON - WINDSOR - ASSOCIATED FIRMS IN IRELAND AND THE CHANNEL ISLANDS

ACCOUNTS MANAGER

Service State of the Service of the

c£30,000 + EXTENSIVE BANKING BENEFITS

THE FINANCIAL SERVICES SECTOR has had a roller-c edistence since big-burg but a small number of institutions, primarily through foreeight and commissent to their chosen business areas, have continued to prosper.

Our clients are one such organisation. They are a banking group who operate internationally, profitably and in all major markets. Evidence of their approach is shown in the fact that they were not seduced into excessive recruitment and have had no subsequent need to shed staff. As part of their closely controlled growth plans they now require to recruit a candidate, qualified within the lest three years, who has gained a knowledge of financial services either through direct experience or sudif.

Duties are wide-ranging and because of our clients committee to pushing responsibility down-line, offer early exposure to challenging tasks. As well as taking charge of six staff, the position will involve 'classic' financial accounting, further enhancement of sophisticated systems and accounting for the products and sectors.

This position offers an exciting introduction to an organ prepared to offer more than Ep-service to career develo se contact Neil J. Hiswood on 01-629 8863 or fax your c.v.



SOND HOUSE, mas WOODSTOCK ST, LONDON WIR HE THE G-629 460

TAXATION MANAGER

Thames Valley

This rapidly expanding group is committed to enhancing its position as

a significant player in the UK retail financial services sector. As a result of this expansion, there is a requirement for a Taxation

Manager to join the financial management team. Reporting to the Director of Finance, the role will demand the initiation

and recommendation of schemes which minimise tax liability whilst maximising shareholder value. As a consequence, the role will also encompass the co-ordination of tax planning and compliance issues throughout the operating entities.

c£40,000 + Car + Banking Benefits

In order to fulfil these requirements, the successful individual will have to demonstrate a notable rate of progression within industry, the Revenue or the profession. Experience of the financial services sector will be an advantage.

The benefits package will include an attractive salary, subsidised mortgage scheme, non-contributory pension and company car.

For further information please contact James Hyde on 01-437 0464 or write, enclosing a brief CV, to the address below.

ROBERT • WALTERS • ASSOCIATES

RECRUITMENT CONSULTANTS ns House i Leicester Place London WC2H 7BP Telephone: 01-437 0464

ssistant Auditor and the second of the second

Ætna

Up to £20,000 + Mortgage Subsidy

Ætna Life and Casualty was founded in the United States in 1853 and is now one of the world's largest financial services groups, ranking amongst the 15 largest US corporations. Ætna launched in the UK in 1985 and UK funds under management are in excess of £400 million. Exceptional growth demands exceptional people and we are now looking for a highly-motivated professional to share the enthusiasm and dedication of our established team.

Reporting to the Audit Manager, you will help with the continued development and implementation of the annual audit plan for international and offshore operations. Together you will monitor new or changed organisational

plans, data processing systems and products/ services to determine their financial and operational impact on future business strategies. If not already qualified, you will certainly be well

on the way to qualifying, either as an accountant or as an internal auditor. Previous audit experience, either with a professional firm or in the financial services sector, would be useful. Fluency in a European language would be an advantage.

The rewards will be a starting salary of £16-£20K, subsidised morgage, non-contributory pension, life assurance and family BUPA. We are a young team and believe in promoting our people on

If you are ready to take the next step in your career and feel you could measure up to this challenge, send a full cv, with details of your current remuneration, to me, Jill Corradi, Director, Human Resources, Ætna International (UK) Limited, 2-12 Penronville Road, Islington, London N1 9XG.



Group Finance Director

to £35,000 plus car Portsmouth

The Sunsail International Group pioneered flotilla salling holidays and today is the largest such operation in Europe with activities throughout the Mediterranean. The group includes Island Salling, Yacht Cruising Association, Sunsail Clubs and Emsworth Sailing School. Growth has been impressive-tumover has nearly doubled in the last year - and the company plans further growth organically and through acquisition. The head office is situated in attractive offices adjacent to a

modern marina. Reporting to the Group Managing

Director, and a member of the small senior management team, you will initially have responsibility for 7 of the 60 head office staff. The company has several joint ventures in the Mediterranean and plans acquisitions further afield; foreign travel is likely to constitute about 10% of your time. A new computer system for reservations and accounting has recently been bought and will require your attention in its implementation.

Aqualified accountant, aged 28-35, you must have experience of managing an efficient accounts department, and a proven

commercial background, which ideally will include acquisition work. Experience of the travel industry and a knowledge of sailing would be advantageous.

This is an attractive position with great scope for someone wishing to manage the finance function of a young, exciting company. Please write enclosing a CV and salary details, quoting MCS/7015, to Alannah Hunt **Executive Selection Division** Price Waterhouse **Management Consultants** No. 1 London Bridge London SE1 90L

Price Waterhouse



c£25,000 + Car

European Financial Controller

£75,000 plus benefits

Our client is one of the most successful and prestigious capital markets groups. In recent years a record of innovative responses to the needs of investors and issuers has enhanced its world-wide reputation across all major product areas.

The group is strongly placed to face the challenge which deregulation of the European financial services markets will bring in the next decade, and is now seeking to strengthen its finance team by the appointment of a European Financial Controller, Based in London and reporting directly to the Finance Director, Europe, the role embraces the full range of management and financial accounting.

As well as the technical expertise necessary to handle a wide range of capital markets and banking products, candidates must possess outstanding management skills and an ability to work under pressure in a complex multi-national organisation.

If you are interested in exploring the excellent career opportunity which this position provides, please write quoting ref. FT 02, with full details of your experience to Michael Swaine at the address below. Please state clearly if there are any employers to whom your c.v. should not be sent, as applications will be forwarded direct to the client for their consideration.

197 Knightsbridge, London SW7 1RP.

Financial Controller

West Midlands

are excellent

Our Client is the United Kingdom subsidiary of a prestigious Dutch Group. The Company is about to undergo a period of dynamic change, as an intensive re-investment programme is now underway. Substantial growth is expected in 1989 and future prospects for the Company

An opportunity now exists for a commercially aware accountant to join a talented management team as Financial Controller. The position will report to the General Manager and will have responsibility for all aspects of the finance function, company secretarial duties and control of UK tax compliance matters. With restructuring, the role demands an individual with flair, the ability to manage

Candidates should be qualified accountants ACA, ACMA, ACCA and aged between 29-36. You will need the ability to take a "hands on" approach to problem solving, have excellent interpersonal skills and the desire to succeed in a dynamic environment. In exchange for your commitment the Company will offer a generous package that will include a car, private health care, pension plus a profit share incentive scheme.

overall commercial growth of the Company.

change, to identify acquisition targets and contribute to the

Interested candidates should write to Tony Hodgins ACA, Executive Division, Michael Page Finance, Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST enclosing a fully comprehensive C.V.

Michael Page Finance

International Recruitment Consultants London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

The leading European Corporation operating worldwide in communication systems (T/O 11bn Ecu) is seeking to recruit an

Ireasurer

Reporting to the Group Treasurer, you will advise the group's subsidiaries worldwide in all treasury matters (investments, borrowings, cash management, exchange risk coverage, etc . . .). You will also be involved in high level contacts with the group's bankers and be responsible for maximising synergy within the function throughout the group. The position involves regular travel throughout the

You should have at least 8 years' experience within treasury in an international environment and have proven ability

at communicating and negotiating at a senior level. English is essential with knowledge of other European languages being an advantage. Excellent career prospects within the group can be offered to an outstanding candidate.

The position is based in Paris.

Please contact Xavier d'Anglade in strict confidence in Paris on (010) 331 42 89 30 03 or write to him enclosing a comprehensive CV and quoting ref. no. XA 1080 FT at Michael Page International,

10 rue Jean Goujon, 75008 Paris, France.

Michael Page International

International Recruitment Consultants erdam Eindhoven Brussels Antwerp Paris Lyon Sydney

Corporate Finance Manager

A challenging role with a fast-growing, entrepreneurial company

Our client is a rapidly-expanding, London-based PLC which is building a significant business in the consumer leisure sector in the UK and overseas.

An able and energetic person is now to be appointed to assist the Finance Director by carrying out a wide range of corporate finance and treasury duties. These will focus on the analysis, assessment and negotiation of acquisitions and related financing, the day-to-day management of the treasury function, and importantly to contribute to the establishment and management of taxation and accounting policies and their practical implementation in specific cases.

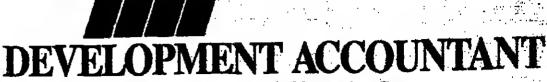
MSL International

The person sought is likely to be a graduate with a qualification in accounting, treasury or banking, and will have had at least 3 years' relevant experience within a growing company. Initiative and a flexible, problem-solving approach are essential.

An attractive salary and benefits package will be offered, including discretionary bonus, share options scheme and a car.

If you wish to apply for this position please write - in confidence - enclosing a CV to Douglas Austin,

MSL International (UK) Ltd. 32 Aybrook Street, London WIM 3JL,



Warwickshire To £25,000 (neg)+Car

Millward Brown Pic is a successful market research company with an excellent reputation for quality and innovation. As the 6th largest research agency in the UK it conducts a wide variety of research projects.

More than 50 of the top 100 UK advertisers buy research from Millward Brown. The continuing exp sion of the company has created the need for greater sophistication in accounting systems and a more structured approach to budgeting and forecasting.

Reporting to the UK Finance Director, this position will be responsible—with a small team—for the development of comprehensive costing, budgeting and forecasting procedures and systems for the UK operations, and for ensuring that these are fully understood and utilised to best effect. The efficient treasury management of the company, including investment and foreign currency dealings, is also an important part of the role.

Applicants must be qualified Accountants—probably aged 25-35—with good knowledge of computatised accounting systems and sound commercial awareness Energy, endurshasm and vision are essential for success as is the personality and approach to quickly gain respect and credibility at all levels.

This is an unusual opportunity—in a wide ranging role—to contribute directly to the success and growth of a progressive and dynamic organisation.

A salary of up to £25,000 per annum (negotiable for the right person) is offered, phis company can and a comprehensive benefits package.

Please apply in writing, giving full curver and

PMG Peat Marwick McLintock

Arien House, Salisbury Road, Leicester LE1 7QS. Telephone (0533) 471122.

Manager International **Operational** Review

£ negotiable + Car + Benefits



Our client is a major blue chip Consumer Products Group engaged in the development, manufacturing and marketing of a diverse range of brand name products. Reporting to the Audit Director, you would be responsible for a team of auditors based at the West London European HQ, undertaking reviews of organ-isational and functional activities for the subsidiaries located in Europe, Middle East and Africa.

The operational review team carries responsibility for working closely with local Management to assess each location and to make constructive recommendations

Applications are invited from qualified Accountants with a minimum of 5 years relevant experience with an innovative and analytical approach. A knowledge of computer systems and a willingness to undertake foreign travel is essential. A second European language would be desirable. An attractive salary package is offered which will include company car, annual bonus, non-contributory pension scheme and where appropriate relocation assistance.

For further details of this excellent career opportunity, please contact Darrell Smith on 01-387 5400 (day) or 01-883 0287 (evenings and weekends) or write to Financial Selection Services, Drayton House, Gordon Street, London WCIHDAN.

Financial Controller

Multi-Site Service **Business** M40 Corridor, To £30,000, Car

This £75m turnover business comprises a group of companies providing specialist services to industry, commerce and public authorities. A subsidiary of a major British plc, the group has an excellant record of profitable

the group has an excellant record of profitable growth, fuelled by strong organic expansion and an active acquisition programme.

Reporting to the Financial Director, you will be responsible for ensuring that the financial and management information produced meets the needs of operational and commercial executives. You will head up a substantial team and will play a key role in the appraisal and integration of acquisitions and undertake a number of ad-hoc projects. There will be considerable contact with the parent plc through the regular reporting cycle.

A qualified accountant (preferably Chartered or Certified) aged 28-40, you must combine excellent technical accounting abilities with strong commercial awareness and proven staff

strong commercial awareness and proven staff management skills. An understanding of multi-site sarvice business would he particularly useful. The company has ambitious plans for development, and good career prospects are assured in this dynamic

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to: S.P. Spindler, Hoggett Bowers plc, George V Place, 4 Thames Aveoue, WINDSOR, SLA 1QP. 0753-850851, Fax: 0753-853339, quoting Raf: W11080/FT.

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, SHEFFIELD, WINDSOR A Member of Blue Arrow pic

EUROPEAN ACCOUNTANT

Purley, Surrey c £28,000 + car

EMC² is a leading manufacturer of peripheral equipment for mainframe and mini computers. Headquartered in Boston, Massachusetts, the company is now looking for an experienced qualified Accountant to be based in the European Headquarters at Purley, Surrey.

Reporting to the European Controller, the Ideal candidate will have the following background:-

- 1) Accounting qualification obtained in professional firm
- 2) Experience of USA and European reporting requirements
- 3) Strong familiarity with PCs and computerised business systems
- 4) Understanding of Foreign Exchange exposure management
- 5) Knowledge of French and/or German

If you are interested in the above position, please send your CV including recent photograph to Mr C Patteson, EMC Computer Systems (UK) Ltd, EMC House, 814 Brighton Road, Purley, Surrey CR2 2BR.

FINANCIAL CONTROLLER with STRONG COMMERCIAL ACUMEN

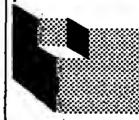
To £35,000 + Car

Our client, a leader in its industry, is a substantial, multi-site organisation engaged in the manufacture, marketing and distribution of consumer goods. The company's dramatic growth necessitates the recruitment of a dynamic and self motivated Financial Controller.

This high profile and influential appointment gives responsibility for the co-ordination and control of all head office accounting and divisional reporting activities together with the provision of sound financial guidance to the direction. Particular emphasis is to be placed on peformance monitoring, the evaluation of captures proposals, policies and procedures and the effective utilisation of resources.

Applications are invited from qualified accountants, aged 32-40, who can demonstrate strong technical ability in financial and particularly management accounting and a record of achievement in systems development matters. Candidates should also possess excellent interpersonal skills and have experience of working in an industrial environment.

For further information on this outstanding careeer position which offers genuine scope for progression into general management please contact Malcolm J. Hudson.



HUDSON SHRIBMAN

FINANCIAL RECRUITMENT

Business Adviser **Property**

C.London

c.£32,500 + Car + Mortgage

The property division of a leading fund management organisation responsible for clients commercial property portfolios in excess of £4.5 billion, offers an unusual and challenging role for a suitably qualified accountant or MBA age 30-35 years.

Drawing on all your business skills you will provide a commercial overview for a number of profit centres. The job will involve the conceptual development and

implementation of an executive information system, reporting key performance indicators to profit centre managers and the divisional board. You will contribute ideas and advice to each function by analysing their husiness strategies enabling the enhancement of profitability without detriment to service standards.

Career opportunities are exceptional in this diversifying group. The excellent benefits include a mortgage and non-contributory pension scheme,

Write, with full CV and daytime telephone number, to Patrick Donnelly, quoting ref: FT/043.

MANAGEMENT - SELECTION 314/316 Vauxhall Bridge Road, London SWIV 1AA. Tel: 01-828 2273

Management Accountant

N. London

c£25,000 + bonus + car

Autonomous subsidiary of international manufacturing group seeks a Management Accountant who will be the primus inter pares reporting to the Financial Director and therefore be his Deputy. Remuneration package includes fully expensed 2 litre company car and relocation costs if necessary.

Candidates, aged 28-50, will be qualified accountants or Chartered Secretaries with several years' management accounting experience in manufac-turing industry. High professional competence, application and computer literacy are essential qualities. Prospects are not restricted to this function in this

For full details write to W T Agar at JC&P, 104 Marylebone Lane, London, W1M 5FU demonstrating your relevance clearly and

quoting 2301/FT.

Courtis

Accountant (Audit) Major Oil Company

Amerada Hess is one of the fastest growing oil and gas exploration and production companies in the UK. In addition to having a wide range of joint venture interests in the North Sea, we are the operator of two oil fields, with a third field under development. With an annual turnover in excess of £2.5 billion, Amerada Hess is well known as one of the most successful and forward thinking companies, recruiting the best professional people and rewarding them accordingly.

Continued expansion means that we now need to recruit a further Auditor to work from our UK Head Office in London. This is a challenging role calling for a qualified Chartered Accountant with 2 to 3 years post qualification experience, preferably gained in the oil industry.

Duties will involve internal, project and joint venture audits, mainly in the UK. The successful candidate should be an organised self-starter and a confident and effective communicator. Applicants must demonstrate initiative and the ability to hold a high profile position involving constant contact with senior management. Familiarity with computerised accounting/reporting systems and a good knowledge of PC usage is also important

We can offer you an excellent salary and generous benefits package. If you feel you can meet our requirements and are interested in a rewarding career within the oil industry, please write with full CV to Lesley Poole, Personnel Officer, Amerada Hess Limited, 2 Stephen Street, London WIP IPL. No Agencies.



AMERADA HESS

